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# The Methodology Of Targeting In Operation

Marcia Suying Hugh

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**The Methodology of Targeting in Operation**

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**May 2002**

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## **Abstract:**

In an era of tight budgetary constraints, governments have been grappling with the question of how to provide social services in an affordable and effective way. The methodology of targeting is being applied widely in many developing countries to assist with this dilemma. Case studies of three school feeding programs in Chile, Jamaica and Costa Rica and the new integrated Mexican social assistance program, PROGRESA will highlight, the different possible applications, uses and problems associated with targeting. The two main errors of targeting are Type I and II. These errors of undercoverage and leakage and will be discussed as they apply to the case studies. When targeting is applied as the main mechanism for the delivery of social services there is some reason for concern. Targeting can, however, be a very practical tool to reach the extreme poor who may have been neglected by the development process. The design and implementation of targeted interventions is very country specific. They must however capture the social, political and economic climate of the country, have clear objectives, be flexible and have solid mechanisms for evaluation.

## **Chapter 1: Introduction and Scope of Study**

Poverty alleviation is one of the key issues facing development practitioners, namely, determining how to deal with poverty alleviation in an era of budgetary constraints and finite resources. Governments have less money to spend and dedicate to necessary programming so difficult choices have to be made in terms of policies to protect the poor. The needs of the poor are many but the resources are few. Many scholars have described poverty as multidimensional. Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school, not knowing how to read, not being able to speak properly. Poverty is not having a job, it is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom (WDR,2001).

Amartya Sen (1992) offers an interesting discussion regarding the nature of poverty; he says we must understand the nature of the beast we are attempting to fight. Sen argues that poverty is the absence of the basic capabilities which enable a person to function. These capabilities vary from being clothed, fed and sheltered to being able to take an active role in the community. Looking at the World Development Report's definition of poverty stated in the introduction to this study, we can see that poverty is multidimensional. Given that poverty has many characteristics, among them, fear, hunger and illiteracy, its solutions must be all encompassing. Poverty has a way of mutating and replicating itself into generational deprivation. Developing countries have various histories of economic and political instability and these instabilities have

manifested themselves in many ways throughout society. The result of this has been a deepening poverty in these countries.

Many scholars have looked to the methodology of targeting as a meaningful mechanism by which to address issues of poverty and inequality. In many developing countries large segments of society have not benefited from the economic growth attained by the country. Targeting, in its broadest sense, is an identification process which designates groups, individuals or localities as eligible and non-eligible for a given program. Targeting is seen as a way of helping those neglected groups of people to catch up so that they too can share in the benefits of economic growth.

The two most important reasons for targeting are:

- 1) Budgetary constraints are forcing governments to use their resources very carefully.

This issue of scarce resources has been a very common trend in many developing countries since the 1980s.

- 2) It is useful as a mechanism to reach those groups who have been traditionally excluded as beneficiaries of social services.

From this reasoning, the issues to be discussed are twofold. Firstly, if the objective of a targeted intervention is the maximization of resources, then one must consider the methodology of designing a targeted intervention. In other words how does one reduce issues of leakage of resources, commonly referred to as Type I error, and avoid the undercoverage of needy recipients, referred to as Type II error.<sup>1</sup> However, if the objective of a targeted intervention is to reach members of a population who are harder to reach and traditionally excluded then there is a theoretical debate over whether or not

targeting is the best method of achieving this or if a more universal approach would be more suitable.

It is important that targeting be framed in larger terms because there are several issues to be considered at a broader level such as, the impact of targeting on development, in other words, can this methodology help to enhance the prospects of longer term social and economic development? Then there is the issue of targeting as a method for the delivery of social services, its objectives, features and design. Many countries and large multilateral lending institutions are strong proponents of a narrowly targeted approach to the delivery of social services.

There must be continued discussion as to whether or not targeting is in fact the optimum method to get social programs to the poor. Whatever method is used to deliver social programs it must fit as a part of the overall political, economic and social picture of the country. Targeting is just a methodology to deliver certain benefits. However, poverty alleviation requires a holistic approach because poverty is a complex web of problems, which perpetuates itself in a cyclical manner. So the question is what is the best way to deliver social services to all? Is it by delivering programs where all people benefit equally? Or, alternatively, effective delivery of social services to all, which would require certain targeting? The skeptics main concern surrounding targeting is whether or not it does in fact help to improve poverty in a country or if it just more socially divisive. This will depend on how the targeted mechanism is actually designed.

School feeding programs (SFPs) are a type of intervention used to address some of the most critical issues of poverty faced by children. These programs provide a good

example of the issue involved in the discussion of targeting and its many intricacies when designing a program. It also illustrates the difficulties that arise in deciding the best choice for achieving the overall goals of social development. Examining SFPs in different countries will allow for some relevant conclusions to be made concerning the impact of these programs and the efficacy of the methods of operation. Looking at how these programs do or do not meet their objectives will instruct as to the utility (advantages/disadvantages) of different methods of using targeting for the delivery of services.

One may be naturally inclined to believe that universally provided school feeding programs are better at addressing the issues of poverty faced by children and youth than targeted programs because they will not exclude anyone. However, universal programs are costly and in a world of financial constraints and that is why targeting is understood to be a necessary option. It is difficult to strike a balance between these two concerns (cost and exclusion); is one more important than the other? Which should be more important? These are very contentious issues. Poverty is a very exclusionary dimension of existence and, as such, programs should help to address the need for unity in a country, focusing on the deeper social, political and psychological impacts that poverty can have on a country.

This study seeks to further the discussion of targeting as a methodology. Chapter 2 will give an overview of social policy, notions of welfare, development and poverty. Chapter 3 will explore the actual methodology of targeting, its forms, uses and the debate surrounding its usage. The universal approach to social policy programming

will also be discussed. Targeting is a very complex methodology to capture because it is multidimensional, it can be criticized as a neoliberal tool but as a methodology it can also be incorporated into a universal scheme. This perplexity will be more clearly detailed. Chapter 4 introduces school feeding projects. This chapter offers background information regarding the evolution of the need for these programs and the different ways they have been executed. Chapter 5 includes three case studies of school feeding programs in Jamaica (The Nutribun and Milk Program), Costa Rica (Comedores Escolares) and Chile (Programa de Alimentación Escolar) which discuss the different ways that targeted programs have been designed and implemented. The successes and failures of these programs will illustrate how the methodology has operated. This will allow for a continued discussion of what are the pros and cons of targeted operations, what have been the criticisms and how targeted interventions are evolving. Social programs in the developing world are changing. In the Latin American and Caribbean context, policymakers are moving towards an amalgamated approach to programming. Programs are becoming "mega-programs" addressing the gamut of social needs questions faced by the various countries. The final case of Mexico is presented in Chapter 6 to illustrate this change in programming objectives. The Mexican program of PROGRESA seeks to address gaps in education, nutrition and health through an integrated approach rather than a more component based approach.

The conclusions in Chapter 7 discuss what the four case studies demonstrate. Chile is an example of a strict neoliberal approach, where targeting is used as the primary mechanism used to engage in any type of social intervention because it is the most cost-

effective method. Jamaica represents a middle ground where there are still principles of a universal ideology in place, however, it is clear that the future of the Jamaican program will be modeled along lines very close to the Chilean case. Costa Rica represents an example of targeting within a universal context, where the principle of inclusion and equality remain of primary importance. There has been an extensive amount of research done on Mexico's PROGRESA namely because of the external International Food Policy Research Institute (IFPRI) evaluation of this program. PROGRESA is the new way that social programs are being designed therefore, there is a lot of hope placed in the success of this program because other countries in Latin America will be following PROGRESA's lead.

Ultimately, the discussion at hand is not one of whether to target or not. There are many financial realities that constrain the choices that governments can make for its people. The interest of targeting is providing a cost-effective method of providing social services, based on the assumption that the poor will be reached. Given the current socio-economic and political situation, targeting is not a choice. The theory surrounding targeting is well accepted and its principles are being applied in different contexts. The question of most interest is can these targeting mechanisms be too rigid, cost concerned and therefore exclusionary? The answers are not definitive. In fact the answers are very much determined on a case by case basis and how each country interprets targeting and applies it.

**Notes:**

1. The errors are called Type I and Type II based on statistical definitions of significance testing. For example, a null hypothesis can be incorrectly rejected and a false null hypothesis can fail to be rejected. The former error is called a Type I error and the latter error is called a Type II error.



## **Chapter 2: Social Policy**

Social policy defines the policies which governments use to promote welfare and social protection in a country. It refers to the ways in which welfare is developed in a society. Social policies have to do with human beings living together as a group in a situation requiring that they have interactions with each other. The ultimate yardstick of any social policy is how it affects the welfare of human beings, collectively as a society and individually within that society (Burch, 1999). Social policy performs two essential functions. It supports the process of capital accumulation and it legitimizes the overall political order of a country by offering social services that would build consensus between members of the population who benefit from these services (Vilas, 1995). The creation of social policies has a certain humanitarian component. The advancement of a society would depend on its ability to provide a stable living environment for its people. As an academic area of study, social policy encompasses the study of the subject of social services and the welfare state. Social policy is developed from several academic disciplines, including sociology, social work, psychology, economics, political science, management, history, philosophy and law (RGU online).

Welfare is commonly understood equivalent to well-being. In economic terms, well-being is defined as what people choose to have, in other words, given a set of choices and constrains the utility generated given a person's preferences. Therefore, welfare encompasses all aspects of a person's living conditions. Welfare is human well being in its totality and not just providing charity or protecting weaker members of society. In countries such as the United States, welfare is thought of as a range of services provided to protect poor people in different circumstances. For example,

children, the sick, the elderly who are confronted with differing problems, they are considered possible welfare recipients (RGU online). There are different ways that the term welfare can be used making it sometimes an ambiguous term. However, it is imperative to note the different interpretations of welfare and its discussion relative to social policy. Welfare is not charity and should not be viewed as such.

Social policy has been transformed over the last few decades. The shift has been from a Keynesian model of social policy to a neoliberal model. Under the Keynesian model, the state regulated economic activity and intervened in certain sectors. Social policy was thus seen as an investment and not an expense. Economic policies under this system were able to incorporate the poor into the political and economic system. Citizens' rights were thought of in terms of socio-economic rights. The underlying belief of Keynesian social policy was building an integrated society (Vilas, 1995). This system was at its peak between 1930 and 1970 and known as the welfare state. The policies of the welfare state were not to just provide short-term relief for the poor from lives of hunger, inadequate shelter, general deprivation. Rather, the policies were intended to be further reaching. The necessity for this welfare state emerged from the realization that social services are public goods and, as such, the market may not be the best provider of these services and may not be able to distribute these services equally. The public goods problem being that everyone wants to have access to a particular service however, no one wants to voluntarily step forward to pay for the provision of those services.

Those who argue in favor of welfare provisions believe that public goods can better be provided by the state and that addressing poverty is central to the overall

development of a country. In this view social protection goes hand-in-hand with democracy and there is a clear link between welfare provision and greater economic and social benefits as countries reduce poverty.

However, by the early 1980s, the world socio-economic and political mode had changed. There was a shift in economic thinking away from the welfare (Keynesian) approach to a more neoliberal approach with less government involvement. In the 1980s and 1990s, support for the "welfare state" began to weaken. Proponents of the neoliberal approach, supported the deregulation of the economy, trade liberalization and the dismantling of the public sector. Under the neoliberal approach, the state abandons its role as an agent of social development and integration and limits its role to setting exchange rates, interest rates and establishing tax policies in order to improve efficiency. Social policy then becomes a package of limited measures to compensate for short terms negative impacts experienced by specific segments of the society. Social policy is seen as complementary to a strong economy playing a subsidiary role to the market. Neoliberal social policy acts more like a complement, filling the gap with minimal compensation aimed at the extremely poor.

Many developed countries that have been supporters of a welfare state are witnessing a steady decline in the programs they initially set-up to guarantee the social equality and betterment of its citizens. In Canada, for example, the welfare state has undergone major changes in the last few decades. The universal idealism coming out of the Second World War is quickly being eroded in favor of selective and narrowly defined targeted programs. The financial resources are not there and demographics are

changing. Unlike developing countries, many developed countries do not have a large population of youth to support and continue to build the universal social services built by the generations before. The 1980s set the stage for very conservative approaches to policy (Graham and Querido, 2001).

Although the neoliberal proponents suggest that the role of government should be eliminated and that a strong economy will help avoid the need for social policies, others, such as Stiglitz, make the argument that the market is not perfect and in fact there is a role to be fulfilled by the government. The two fundamental theorems of welfare economics state firstly that every competitive economy is efficient and secondly, that efficient allocation would happen through the market mechanism. Stiglitz's discussion questions the truth of these fundamentals. He raises the issue that markets are often incomplete and that information is not perfect, supporting his view that markets are imperfect and thus the state does have an important role to play in delivering social services. With the absence of perfect information one is unable to make optimal (efficient) choices, this results in adverse selection. To relate this to targeting, problems of adverse selection may occur even though indicators have been supposedly fine tuned to select who is poor. One can only evaluate to a certain extent and then, selection becomes hit or miss. In fact, governments have characteristics that the private sector does not; such as the power of compulsion and universal reach over all citizens.

At the heart of the debate between the welfare proponents and the neoliberals is the larger issue of equality. Issues of equality are especially relevant in developing countries dealing with poverty. The social policies put in place will define the direction

in which the country wishes to move and the impact on other development issues and the overall quality of life experienced by citizens of a country. Vilas comments that neoliberal social policy does not help people get out of the hole of poverty, it only prevents them from falling further into the hole (Vilas,1995). Moreover, commitment to social programs such as school feeding programs, education and health programs and so on form only one part of a government's agenda. Therefore, the approach or the guiding philosophy of the government towards poverty is crucial to the outcome or existence of these programs in a given country.

Economists often equate economic growth with development. Admittedly, economic growth is a necessary component for development, but what is now referred to as the quality of growth will determine advances made on addressing poverty. There are some who believe that growth comes first and then redistribution or sharing with the poor naturally comes after. In response to this extremist approach is the idea of redistribution with growth, meaning that growth and development must take place simultaneously. Supporters of this approach believe that government policies should create the incentives to promote a growth pattern that generates benefits for all especially the poor. In practice this is the approach used by most developing countries that consider poverty alleviation as a serious component of their policy agenda (Gillis et al, 1996).

The basic human needs (BHN) approach is not fundamentally different from the redistribution with growth model. Countries that are not achieving economic growth usually have great difficulty in providing for basic human needs. The BHN approach assists the poor through the provision of several basic commodities and services: staple

foods, water and sanitation, health care, primary and nonformal education and housing. This approach combines the provision of public services with subsidized entitlements for the poor to ensure that benefits reach the poorest of the poor (Gillis et al, 1996). At the heart of the BHN approach is the desire to invest in human capital. As Gillis states, when services such as education, health and other social expenditures are geared toward the poor, they improve the quality of human resources available in a country and consequently reduce poverty and make the poor more productive.

Ultimately, the delivery of social services will be determined by how a state views development and how it approaches certain ethical questions surrounding the topic of development. Is it sufficient to feed and clothe poorer people while a small percentage of the population lives in complete luxury? Or, should the goal be the pursuit of greater equity?

### **Chapter 3: The Universal Approach and Targeting**

There are two key schools of thought on how to provide social services to the poor. Proponents of the first school are those in favor of a universal approach to providing programs and the second is the selective targeted school of thought where benefits are provided given certain limits and distinctions. These two methods seek to address the principle of welfare distribution. These methodologies are where the area of debate is taking place because each one comes from a certain ideology and a certain political orientation.

#### **The Universal Approach**

Fundamentally, a universal program operates from the principle that all persons within whatever category of provision should receive the defined benefits. Under a universal scheme, benefits are available as a right and they are available to everyone on the same terms. Like public services such as roads and sewers, the universal principle was expanded to apply to such services as education and health. They should be provided like a type of public good. Universal services cannot be said to specifically target the poor because they are designed to be available to all people (Grosh, 1994).

Universalists argue that social services cannot be distributed by purely market means, where the provision of services depends on the ability to pay for them. In other words the selecting out of certain groups who have no purchasing power could cause serious distortions in the delivery of services. These distortions will be discussed later in

dealing with errors of targeting. Universalists aim for a broader approach to social policy (Davies, 1978). Amartya Sen defines the beneficiaries of targeted poverty programs as tending to be weak politically and lacking in the necessary clout required to sustain and maintain the quality of program services provided. This has been one of the major criticisms of targeted interventions and a rallying point for those in favor of universal programs (Sen, 1992).

Proponents of a universal approach also believe that there is a certain stigma associated with targeting. This stigma stems from the fact that there is loss of self-esteem in claiming the benefits. This sets up a conflictual relationship between providing benefits and labeling a person as poor. One of the concerns that came across from evaluators of a targeted program in Mexico was that at the community level, people view themselves as "all poor" and all in need and as such, a narrowly defined targeted approach will not capture this (Adato, 2000). Further, this reality can be applied to many other countries at the community level.

The greatest criticism of the universal approach is waste of resources. To provide a school lunch or any benefit to a person in a higher income group is a waste of resources. However, the issues surrounding this statement are deeper. As Gelbach and Pritchett point out, if a policymaker looks solely at the loss of resources and ignores the political consequences, such as the establishment of clientelist relationships between government officials and beneficiaries and possible social dislocation and disintegration, they might opt for a purely targeted approach. In so doing, the utility of the poor and social welfare will be undermined (Davies, 1978). There are social considerations to be



made concerning these programs. The difference between a person considered poor and another considered nonpoor may be very marginal and therefore the distribution of benefits should not be so discriminatory.

Communities are more closely knit in developing countries. Therefore an argument can be made that there is an element of social responsibility involved when designating benefits. To give benefits to one family and not another in a specific poor community may place neighbor against neighbor. Likewise, considering school feeding programs; is it socially responsible to set-up a school to have different feeding hours for those students who receive the feeding program, while they have to go to school with others who are not receiving the benefits? Children should eat together and play together, so that they learn to live together and build together. In that alone there is hope for development, because it provides a way to build a sense of community.

The debate between universal proponents and targeted proponents regarding the delivery of social services is not endemic to developing countries (Titmuss, 1987). This is a debate that many countries, Britain and the United States, for example, have also been engaged in. The philosophy in terms of addressing poverty has always been one of helping those who are in need of it. However, thinkers of this sort do not consider whether there is any merit in assisting those who do not really need the benefits. Often, development practitioners reduce their concerns to the issue of money. Perhaps there is a need for a shift in thinking, to place greater emphasis on the building of communities in more human areas. Social programs can create unity. The debate between these two schools is rooted in some fundamental differences in political ideology. Socialists and

conservatives see things differently. Proponents of the universal system see a more socialist need for equality, freedom and social integration (Titmuss, 1987).

Social services, as Titmuss so aptly points out, are about more than compensation. Social services play a larger role in the functioning of society than just the mere benefits. Social services are also about societal protection, investing in the future and the collective gain. The universal school sees equity as a necessary foundation of any "civilized" society (Titmuss, 1987).

### **The Methodology of Targeting**

Fundamentally, targeting is a type of identification process where groups, individuals or localities are defined as eligible and non-eligible for a given program. Eligibility depends on the criteria as defined by a specific program. For instance, a targeted school feeding program may determine eligibility of children based on a set of socioeconomic indicators, such as education of the mother, weight of the child, household conditions of the child among others. Or, schools may be identified as eligible because they are located within a given locality that is considered marginal or poor.

It is important to have an understanding of the different types of targeted programs that countries can and do incorporate into their work programs. There are two general categories of targeting; broad based and narrow. Under broad targeting there is no specific attempt to reach the poor directly at the individual level. Rather, under this targeting scheme, the poor are thought to benefit from targeting certain types of spending in areas that are more relevant to the poor. For example, spending on basic social

services such as primary education, health care and rural development are seen as areas that are most important in the lives of the poor. In other words, broad targeting isolates definitive areas of public spending that matter more to the poor than other areas and aims to make these more accessible and favorable to the poor.

The primary criticism of broad based targeting is that it is too expensive. By providing these subsidies so loosely, many who can afford to pay benefit from these programs because they are available to everyone. Also, broad based targeting cannot meet specific objectives; it cannot be fine tuned to cater to specific needs or areas of need. Some groups of poor people have very specific needs that are not served by the provision of some basic social services. In light of these criticisms, many have turned toward examining a more narrow based program of targeting.

The main classification of targeted interventions are individual assessment, self-selection and categorical and geographic targeting. These broad categories are further elaborated in Besley and Kanbur (1990). Although these classifications have been divided into different groupings, they can be and are combined in varying combinations at different stages of programs. For example, in a country if an area is designated as poor, one can elect to follow geographical targeting because the possibility of leakage and undercoverage is low because the group is fairly homogenous. However, if the area is less easily defined as poor or non poor then a policymaker may elect to follow a different course of action using means testing or possibly a self-selection procedure such as workfare. The key to targeting is flexibility. Mechanisms must change over time to

meet the objectives of the overall scheme as circumstances change, or else it will not be successful.

Therefore, targeting concentrates expenditures in such a way that social programs are intended to reach those who need them the most by the definition of the indicators. However, many times the specificity of targeted programs ends up dividing the poor and is too exclusive in nature, thereby running the risk of eliminating those who may be in real need of the resources. For example, if the program works with a cut-off level indicator of income, those persons around that cut-off point may be equally as needy but they are excluded because of an insufficient score based on the indicators. Therefore, targeting mechanisms must allow enough flexibility in programming to capture poverty in its totality. Successful targeting occurs when most of the poor are reached by a given program because that improves both the cost-effectiveness of the program and the overall welfare of the country (Grosh, 1994).

Targeting starts from the premise of using fixed resources and maximizing poverty alleviation. Targeted poverty programs are advocated because:

- 1) The transfers provided are geared toward the lowest income grouping and thereby the welfare impact on the poor is greatest;
- 2) Targeting saves resources by confining resources to those who need it the most, allowing money to go to other anti-poverty programs and be less of a taxation burden to meet public revenue demands (Subbarao, 1997).

Within narrow targeting the main mechanisms are categorical, means-testing or proxy means-testing and self-selection. Under the categorical or indicator scheme

individuals within a certain geographical area are selected for the program. This type of targeting relies on the knowledge of regional geographic differences in a country. Also, this type of targeting works better in areas where there is a high concentration of poor people, for example urban slums and rural areas. As the program extends into communities with higher nonpoor segments of the population then the degree of leakage (wastage of resources) increases. Errors of leakage and undercoverage will be discussed later when looking at measuring the benefit of a targeted intervention. Means-testing uses some income threshold as the determining factor to decide if a person should be included in a program. Proxy means testing identifies specific characteristics, usually easy to gather household and individual characteristics that are associated with poverty and welfare and can be a proxy for income as its measurement of who is poor and nonpoor. The Grameen Bank in Bangladesh is an example of this type of narrow targeting where it targets its micro-credit resources to rural women from landless or near landless households (van de Walle, 1998). This type of targeting can also be done at the household level where individual households are selected as poor or nonpoor according to a given set of indicators (Adato, 2000).

Self-targeting sets up different types of incentives aimed to induce the poor, and only the poor, to participate. It functions on the belief that only the poor would be attracted to a given set of benefits and therefore only they would engage in those specific programs. These schemes can also be set-up so as to not make the poor dependent on these programs. Workfare is an example of this type of programming where the poor person receives a certain amount of income transfer for a given amount of labor time.

This work requirement acts as a screening mechanism to define those deserving from those who are not (Besley and Kanbur, 1990). In other words, under the self-targeting mechanism everyone is eligible for the program but there are obligations which must be met that require the time and effort of participants. Therefore, those individuals who consider the costs too high will opt out (self-select) of the program rather than participate, and those who see the possibility of gain will enter the program (Adato, 2000).

Ultimately the reasoning behind a targeted intervention is very simplistic. Grosh gives an explanatory example of a country with 15 million people of whom 3 million are poor and the country has a budget for poverty programs of \$150 million. If the programs are untargeted, then each person would receive \$10. Therefore, of that \$150 million, four-fifths would go to the nonpoor. If the country had a perfectly targeted program then the resources would go only to the poor and therefore each person would receive \$50. Also, if the government wishes to direct only \$10 towards each poor person then the difference would result in a saving of \$120 million for the government. This is a very basic example but it gives the summary idea of the goal of targeting.

There are costs associated with narrow targeting: administrative costs, costs that arise from incentive effects and behavioral responses, and, political economy costs. Administrative costs entail gathering the information (indicators) needed to target, in other words the costs of identification of the poor and the costs of delivering the services to them. In developing countries these costs are a serious consideration because most of the poor live in rural areas. Therefore, gathering reliable data is difficult because people may not be easy to reach. This lessened ability to gather accurate data can result in the

leakage of program resources. Administrative costs vary based on the type of mechanism used, the level of information needed, the institutional capacity available in a country and the personnel and equipment required to carry out a targeted intervention. Results indicate that running a targeted program through an already established social welfare system (health system, education system) would help to reduce administrative costs (van de Walle, 1995).

Incentive costs are the costs associated with alterations in the general behavior of people who may lie about their income or change their behavior in order to make themselves eligible for the program. This incentive problem can be most significant for people who sit at the specified income cut-off point, whereby if they earn a little less they would then qualify for the program (van de Walle, 1998). Grosh calls this the labor-leisure problem because people work less but have their incomes increased by cash transfers and have greater leisure time. Therefore, there may not be enough incentive to be independent and the person may remain dependent on the services provided. The labor-leisure problem is less severe in the poverty programs of the developing world for several reasons. Namely, means testing where households are determined poor based on a threshold income are rare. Rather, other criteria such as age or sex are used. Also, those who have any incentive to alter their behavior are fewer. Another negative incentive effect is relocation. However, this is only a problem if the benefits from the program exceed the costs associated with moving (Grosh, 1994). There are many other negative behavioral changes that may result from the presence of a targeted intervention.

However, these effects are only relevant if receipt of the benefits is worth more than changing one's behavior.

As for the political economy cost of the targeting mechanism, traditionally it has been the middle classes who have been the primary beneficiaries of public social spending. Therefore, there is a certain amount of public campaigning that must take place in order for these targeted programs to be accepted by taxpayers who may be reluctant to participate (van de Walle, 2000). Also, targeted poverty alleviation programs will impact the distribution of political power in a country, shifting and changing the amount of influence at the different governmental levels (Adato, 2000). Thus, people from certain levels of society may oppose this.

There is also the stigma associated with being identified as poor and officially in need of public assistance. This is a social cost that cannot be overlooked as it may have serious ramifications at the community level and the relations between members of a community for both recipients and non-recipients of program benefits (Adato, 2000). It is important to consider all these possible costs for the purposes of evaluating these programs.

In addition there are potential problems of leakage and undercoverage. The error of leakage is referred to as an E-error or Type I inclusionary error. In other words, this is the error that occurs when benefits reach the non-targeted population, where there is excessive coverage and a leakage or waste of resources. The second error of undercoverage is referred to as an F-error or a Type II exclusionary error. In other words this is the error associated with benefits not reaching the intended beneficiaries. These are



the two general errors associated with targeting. Calculating the errors resulting from targeting enables a better understanding of how effective a targeted program is in fact.

The difficulty with targeting is ensuring that the targeted population is properly identified and receives the intended service. However, calculating these errors requires a lot of detailed information and defining the poverty line for a country is a necessity. (Appendix A) The table below will help to simulate the calculation of Type I and Type II errors.

**Table 1: Calculation of Type I and II Errors**

|                          | Poor                               | Non Poor                                | Total |
|--------------------------|------------------------------------|---|-------|
| <b>Beneficiaries</b>     | Success<br>30                      | Type Error(Leakage/<br>Inclusion)<br>20 | 50    |
| <b>Non-beneficiaries</b> | Type II Error<br>(Exclusion)<br>10 | Success<br>40                           | 50    |
| <b>Total</b>             | 40                                 | 60                                      | 100   |

Looking at Table 1, suppose that there are 100 people in an area to be targeted. Here are the results of the targeting endeavor. There is a 75 per cent participation rate in the program. This is calculated by dividing 30/40 (the number of poor beneficiaries properly targeted and selected divided by the total number of poor people. The rate of leakage is 40 percent, 20 divided by 50 where there are 20 nonpoor persons who received benefits and 50 is the total number of beneficiaries. Likewise, the rate of undercoverage is 25 percent, because 10 are poor of a total of 40 who were not included.

Efforts to reduce either side of error, Type I or II, tend to be indirectly or inversely related to each other. Strategies to reduce Type I error many times will end up

increasing Type II error and vice versa (van de Walle, 1998). To reduce leakage policymakers may attempt to generate more stringent indicators to identify the poor through a greater quantity of indicators or greater specificity within given indicators. Rates of error depend on several factors such as the size of the target group, the level of equality of distribution of income throughout the population. Under a scheme of universal provision of services one tends to see significantly lower F-mistakes but considerably high E-mistakes. Concerns over the errors of targeting are very important because the calculation of errors is very important to evaluate the success of a targeted intervention. The results will determine if the resources were concentrated on the poor (van de Walle, 1995; Cornia and Stewart, 1993).

However, the policy which has the lowest errors does not mean it is the one which has the greatest impact on poverty. A well targeted program may end up causing a worse distribution of the living standards when compared to a nontargeted program. Ideally, one would like to see low rates of undercoverage and low rates of leakage. However, some planners may decide that the welfare impact of a targeted intervention is the most important consideration. Therefore it is important to reduce Type II errors. Conversely, if the planner places more emphasis on conserving their budget, they would be much more interested in reducing Type I errors (Grosh and Baker, 1994). The decision to target or not and how this should be conducted must be done on a case by case basis. In fact there are very few evaluations of targeted programs (van de Walle, 1995 ). As van de Walle goes on to discuss, the major lesson learned about the costs and benefits of a

narrowly targeted approach and as she determines the program design is extremely important to the outcome witnessed (van de Walle, 1995 ).

There are several options which can be pursued. Van de Walle states that means testing is the most extreme form of targeting, requiring a lot of information and not very practical for the developing country situation. Therefore using proxy indicators that are easily observed and difficult to manipulate for income is more advisable. For example, in developing countries female-led households are highly associated with poverty (van de Walle, 1995).

There are however limitations to indicator targeting. In geographic targeting when the indicators cannot be more fine tuned than just the regional level the results were that there was an impact on poverty but the impact was not maximized because the indicators were not specific enough and too many people were generally classified as poor. Using local agents with in-depth knowledge of a country and its different regions may prove to be an efficient way to select beneficiaries. However, that may be problematic because this type of power may lead to nepotism and corruption.

Self-targeting may be a productive method, resulting in appropriate beneficiary selection where there are incentives built into the program that would force people to opt out. The downside of self-selection would be that this type of program treats welfare provision in a punitive way and can lend itself to be very humiliating for recipients. People want help but they do not have to be made to feel inferior.

Most public spending programs are to some degree "targeted". The key question is: what *degree* of targeting is optimal? Other things being equal, the more ways one discriminates between beneficiaries, the greater the impact of targeting on poverty. However, other things are not equal. Fine targeting sometimes comes at a cost to the poor. Administrative costs may escalate, political support may vanish, and behavioral responses may create extra costs to targeted interventions. There is no simple answer to how much targeting is desirable...(van de Walle,1995 )

A final clarification to be made is that targeting does not always have to operate in a strictly neoliberal setting. This will become more obvious with the case studies, especially, the difference between Chile and Costa Rica. When targeting is the main mechanism for the delivery of social services, this is using targeting as an instrument of neoliberal policy. However, targeting can and does exist within a more universal context. Re-enforcing what Stiglitz states, there is a role of government to play and because there will be some people who are left behind, a government can direct specific resources towards them, to lift them up but not neglecting other members of the population.

## **Chapter 4: School Feeding Programs**

### **Historical Context of School Feeding**

School feeding programs (SFPs) are not a new phenomenon. The fundamental idea supporting these programs dates back as far as the 19<sup>th</sup> century. In France for example, in 1849 a *caisse d'école*, (school fund) was created by the Paris National Guard to support extra-academic activities. Although this may not have done more than provide infrequent meals for varying needy children, it shows us that the idea of feeding needy children was at the heart of state activities quite early on. By 1906, the British Parliament enacted the Education Provision of Meals Act. Similar patterns were developing throughout western and northern Europe. In 1900, the Netherlands became the first country to recognize school feeding services as a part of its Education Act.

The intrinsic values of school feeding programs are not that difficult to conceptualize. Regardless of culture, society, country or class, people realize with great clarity the fact that children are the future of any nation. To build a healthy and educated youth is to invest in the future (Levinger, 1989).

### **Latin American Feeding Schemes**

Latin America and the Caribbean did not lag far behind in the creation of similar programs geared toward hunger and particularly child hunger through school feeding. Within the first decade of the 20<sup>th</sup> century organizations such as the “*copas de leche*” in Argentina were in existence along with similar programs in other countries such as Chile. By the 1930s school feeding programs were growing throughout Latin America. Most of

these programs were organized by religious and other social volunteer groups (Scott, 1953).

As well, in 1953, countries of the British West Indies carried out programs of school canteens, milk and meal programs. At the time of this early study, financial resources were a concern of these governments, which at the time were still colonies. School feeding services have always been recognized as being of great importance and a very relevant part of social policy. Today, financial constraints remain the problem of many of these feeding schemes. As well, what will be seen in the Latin American and Caribbean context is the emergence of amalgamated programs, programs which encompass a feeding, health, education and nutrition component aimed at feeding a child and also empowering a family. This is the case with the relatively new program, PROGRESA in Mexico. Many other Latin American countries have begun to lay the foundation for this new style of program.

#### **School Feeding and Food Security Programs**

Feeding programs fall into the larger discussion area of food security. The United States Agency for International Development (USAID) defines food security as: "When all people at all times have both physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life." (Hicks, 1996)

SFPs have been implemented worldwide and provide one type of intervention which aim to tackle the problems of nutrition and health of school-aged children (Del Rosso, 1999). They come with the traditional objectives of nutrition and education. These two factors as mentioned above are not completely independent of each other.

Hicks points out that no one program can be used to bridge all the gaps and fill all the voids associated with food security (Hicks, 1996). However, she offers an interesting analysis of SFPs, looking at their short-term and the long-term objectives. In the short-term, SFPs help households to meet their immediate consumption needs and help to meet the immediate needs of a school child to overcome issues of hunger, allowing that child to concentrate more intently on school work, thereby increasing the child's ability to learn. A hungry child does not have the will or the stamina to focus on learning. When food is available at school, attendance rates increase significantly. Research shows that when a school meal is provided, enrollments can double within a year and, in just 2 year's time, produce a 40 percent improvement in academic performance (WFP online).

In the long-term, SFPs are seen to improve educational outcomes, which in turn will result in increased literacy and better school performance. This increased educational performance will result in the development of a more educated and productive workforce with better productivity, employment success and increased income. This in turn will build capital (Hicks, 1996). These are high expectations to place on education. However, all people would probably agree that education holds the key to improvement in many social and economic areas. However, there are other structural impediments which perpetuate poverty such as skewed land and property rights, barriers to credit and government policies that are not pro-poor. These must also be overcome in order to have the most significant impact on poverty.

Del Rosso supports the idea that SFPs have the ability to motivate parents to send their children to school, thereby reducing absenteeism and helping to increase the years

of schooling of the average child. Parents are also much more involved in the schooling process because through these programs they are brought into closer contact with teachers, officials and the community.

SFPs also offer the possibility to increase community involvement in schools. This is especially the case where the communities are the ones providing the meals and serving them to the students. Community participation and cohesion must be one of the long term goals of development. Many development scholars propose that building unity at the community level makes communities more receptive to development and grassroots participation in development projects. These programs also help to place greater value on the importance of education in the eyes of the community. SFPs are highly visible programs and form a substantial part of the income and goods received by families. Therefore, these programs almost always will be politically charged.

Since 1978, the World Food Program (WFP), the food aid arm of the United Nations, has supported school feeding. This year WFP suggests that for the first time in history we can contemplate an entire generation of children around the globe receiving basic nutrition. WFP has become the largest organizer of school feeding programs in the developing world. In 2000, WFP fed over 12.3 million children in schools in 54 countries. Also, millions more children receive meals at school in WFP's emergency operations for victims of war and natural disaster (WFP website).

An important characteristic of any development program is that it does not create a cycle of dependency. In other words, the fundamental idea behind human development projects is to provide its recipients with a level of self-sufficiency and to enable them and



empower them to a degree of independence. Therefore, these programs must not be solely programs of aid.

Attempts to alleviate nutrition problems are influenced by human behavior and the socioeconomic, cultural, and political environments within which they are found. These factors also differ among communities and over time (Pinstrup-Andersen, 1991). Thus, SFPs, like other targeted nutrition interventions, will find success if they are shaped to fit the environment into which they are being introduced. Programs must fit the circumstances of the local community. The following Table 2 illustrates different types of targeted nutrition intervention, not only geared toward school children but toward different groups of people.

What is most interesting is the type of intervention and the degree of leakage to the non-needy category of people. It would appear that those programs which are more universal in nature are also the highest ranked in terms of leakage and their results are average to below average. The one column which is missing from this table is a measure of undercoverage that exists. It is important to measure leakage, as that will indicate how adequately resources are being used. However, SFPs should have a more moralistic goal, that of embracing the children of the future with hope and health. Therefore, it should be of significant concern that as many children as possible be reached. There is a tendency to develop SFPs with a universalist approach because there is the realization that lack of adequate food at an early age has long term implications. Therefore, no program would want to exclude any of the needs of children. With decreasing resources for feeding

programs there has been a tendency to improve targeting techniques to make sure SFPs reach the poorest of the poor.

**Table 2: Typology of nutrition intervention**

| Type  | Country example                                 | Cost per intended beneficiary | Benefit/cost ratio | Infra-structure required | Leakage to non-need | Improvement in nutrition habits of the malnourished |
|---|---|-------------------------------|--------------------|--------------------------|---------------------|---|
| Untargeted food subsidies   | Egypt, Morocco                                  | High                          | Low                | Minimal                  | High (60% -70%)     | Low   |
| Untargeted food rations (ration shops)                                | India, Pakistan                                 | Moderate                      | Low-moderate       | Minimal                  | High (50%-60%)      | Low-moderate  |
| Ration shops targeted geographically                                  | India, Brazil                                   | Low-Moderate                  | Moderate-High      | Minimal                  | Low (5% -10%)       | Moderate  |
| Self-targeting food rations   | Pakistan, Bangladesh                            | Low-Moderate                  | Moderate-High      | Minimal                  | Low (10% -20%)      | Moderate  |
| Food stamps low-targeted by income                                    | Sri Lanka (after 1979), United States, Colombia | Moderate Low-Moderate         | Moderate           | Low-Moderate 10% - 30%   | Moderate            | Minimal   |
| Food stamps targeted by health status                                 | Colombia, Indonesia                             | Low                           | Moderate           | Moderate                 | Low (3%-10%)        | Moderate  |
| Supplementation schemes—on-site or take-home, preschooler plus mother | India, Indonesia, etc.                          | Moderate-Low                  | Moderate           | Moderate                 | Moderate (30%-60%)  | Low-Moderate  |
| Supplementation schemes—on-site, most vulnerable group targeted       | Tamil Nadu (India)                              | Low-Moderate                  | High               | Moderate                 | Low (3% -10%)       | Moderate High                                       |
| Supplementation schemes—take-home, nutritionally vulnerable           | India   | Low                           | High               | Moderate                 | Low                 | High  |
| Food-for-work programs  | India, Indonesia                                | Moderate                      | High               | Moderate-High            | Low (3% -10%)       | Low-Moderate  |

Source: Pinstrup-Andersen, 1991

Designing good SFP policies is a very important because design and implementation make a big difference in the outcome of the program. Table 2 offers some information on different types of feeding schemes and the specifics related to these programs. Del Rosso (1999) offers several questions to be considered when thinking about SFPs. She lists them as considerations as to whom the program should serve. The questions were as follows:

- 1) Who are the intended beneficiaries of the program?
- 2) How will the program be financed?
- 3) How and what should the program provide?
- 4) How should the program be implemented?
- 5) What monitoring and evaluation systems are needed?
- 6) What other programs should accompany SFPs?

It is also important to understand that no policy occurs in a vacuum and SFP policy is also influenced by the economic, political and social ideology present in a given country. There is no perfect targeting mechanism or policy that will be a guaranteed success. Growth monitoring may be useful in identifying individual children who require assistance, but targeting may be necessary to identify groups of households faced with a high risk of malnutrition. Several indicators may be used to determine this, including household incomes, asset ownership, geographical location, employment status, and occupation. To be useful, these indicators should have a known relationship to malnutrition in a given country. In an ideal setting one would be able to isolate which targeting mechanism is the most successful in the fight to eradicate poverty.

There are also other factors to take into consideration when planning for these programs. For example, it must be determined what the government agenda is regarding SFPs, or more broadly, nutrition and education initiatives. Also, one must determine what type of infrastructure is necessary to make a certain program available. If the institutional, infrastructural and administrative capabilities of a government are weak, then it would seem more practical that less complex programs be pursued. Some schools have meal preparation on the premises and others have meals/snacks delivered. The method of food preparation will vary depending on the objectives of the programs and relevant costs. See Appendix B for the different preparation methods which exist concerning SFPs.

The case studies that follow are of school feeding programs. These case will serve as a way of illustrating the methodology of targeting at work given the theory in Chapter 1. They will illustrate different methods of operations and practice.

## **Chapter 5: School Feeding Case Studies**

### **Case Study 1: Chile - Programa de Alimentación Escolar (PAE)**

The Programa de Alimentación Escolar (PAE) remains dedicated to the objective of assisting in preventing socio-economically vulnerable students from prematurely leaving the educational system. PAE is administered through Junta Nacional de Auxilio Escolar y Becas (JUNAEB), which is responsible for developing programs aimed at assisting and meeting the needs of children and youth so that they can go to school.

Chile's PAE provides a very formal and stringent targeting mechanism. It targets at both the geographic and the school/individual student level, the result being that some students are excluded from receiving certain benefits. Participant schools operate on a double shift style where children who will be receiving the breakfast meal arrive before the school day begins and those children receiving the lunch program stay after school. This is done to avoid the problem of stigmatizing those children receiving these benefits. However, it is doubtful that this effort is enough. In fact, this method of selection might be a deterrent from parents engaging their children in these programs. Parents may be ashamed to admit their position of need. Poverty and the provision of services must be more than just providing and doing so at the most cost effective way; rather these targeted interventions should be about empowering and providing for those in need without removing their dignity.

Until 1999 the method of determining which schools would be selected as beneficiaries of PAE was based on weighing the following variables: incidence in

children of problems with height, weight, posture, vision, hearing, medical necessity, dental decay, mother's education and the judgement of the teacher as to evidence of need. This was inclusive of the original four indicator variables of low height for age group, late age of entrance into primary school, mother's education and the opinion of the teacher. These four original indicators were expanded in 1990 to what was first described. These indicators are then used to create a score of vulnerability which once generated would be used to determine which schools could be classified as poor schools and are thus deemed eligible (Grosh,1994). However, one would clearly notice that these indicators are dominated primarily by measurements of health and wellness.

In 2000 the determinants of eligibility used in the survey administered by JUNAEB the overseeing agency which manages PAE, were expanded to include socio-economic factors. The survey to determine eligibility is conducted at the beginning of each scholastic year. The shift towards including socio-economic indicators occurred because administrators of the program felt that there was a lack of coverage of the issues related to poverty, given the indicators used in 1990. As they were, the indicators did not deal directly with the structural nature of poverty. Therefore, the indicators were refined in order to give more depth to the evaluation. In light of the changes in the survey, the indicators used in 2000 to determine eligibility are:

- Dental Decay
- Studies of the Mother
- Studies of the head of the household
- Occupation of the head of the household

- Whether student receives Subsidio Único Familiar (SUF)
- Health system of the student
- Water availability in the homes
- Access to sewage system
- Number of persons residing in the house
- Number of places to sleep
- Opinion of the professor

Health indicator statistics that were previously used in measuring vulnerability were gathered but they were not included in the calculation of the Índice de Vulnerabilidad Escolar (IVE). Using a statistical model based on the information provided by JUNAEB, the Índice de Vulnerabilidad calculates based on the information provided by the JUNAEB survey the amount and type of rations that each establishment should receive. Regional branches of JUNAEB monitor conditions such as dining room facilities, school environs, etc, to ensure that they are suitable for the program to be granted.

In 1992 PAE began to include middle level schools in its programming. In 1996, the program assisted approximately 711,000 students at the basic education level and 91,000 in middle education. By 1998 the numbers climbed to 760,000 students at the basic level and one hundred sixty-five thousand at the middle level (See Table 3).

**Table 3: Chile SFP Spending**

| Spending for Feeding Programs |               |
|-------------------------------|---------------|
| Year                          | Millions (\$) |
| 1994                          | 48 857 603    |
| 1995                          | 49743 989     |
| 1996                          | 56 184 914    |
| 1997                          | 55 604 489    |
| 1998                          | 58 972 155    |
| 1999                          | 64 192 635    |

Source: JUNAEB

<http://www.junaeb.cl/4pae.htm>

In may be a natural tendency to feel compassion towards universal coverage of SFPs because they are all inclusive and nonexclusionary. However, given the finite resources especially in the poorest countries and the costs of these programs, the necessity for targeting is paramount in order for the program to reach the poorest (Del Rosso,1999). Del Rosso cites Gambia as an example of this, where pressures to maintain universal coverage of school feeding programs have resulted in a less effective programming. However, as enrollment increased, the resources for the program have not. The WFP has supported feeding programs in the Gambia since 1971. Instead of targeting particular regions or schools the program administrators have reduced the portions given to each child. Therefore, although there is a 92 percent rate of coverage, the Gambian program is somewhat diluted.

The costs associated with SFPs are well documented. Food in and of itself is expensive and for onsite feeding programs such as PAE other costs such as preparation and delivery are important. Therefore, countries must look for innovative ways to



minimize the costs of their SFPs. The fact that SFPs do not have many demands beyond the general infrastructure, other than the school, means that they can be more cost-effective.

Under PAE, lunch preparation is contracted out on a competitive basis to the private sector for three-year periods. This helps to reduce the administrative costs borne by the government. Administrative costs of the program in 1994 indicated a decrease from 40 percent of the program budget to 5 percent. Contracting out, also serves as a monitoring system because companies must report the number of rations served. Also, it provides a more business like organization of the program and greater participation of the private sector. Evaluations have also shown the quality of industrial food technologies to be higher in nutritional content and the preparation of food to be more hygienic (Grosh,1994).

In 2000 a new technological program was put in place in order to control and monitor beneficiary access to PAE. A smart card informational system was designed to allow for a record to be maintained of what is used and delivered to different schools. Moreover, it offers a mechanism to quantify information on a more consistent basis. This smart card will allow administrators to know on a daily basis what is actually happening. Therefore, payments to suppliers would be more accurate as this computerized system would mean that suppliers are paid only for what is delivered. Basically, this system is to improve efficiency of allocation. Another plus of this system is that with this in place delivery of supplies can be done independently of teacher involvement.

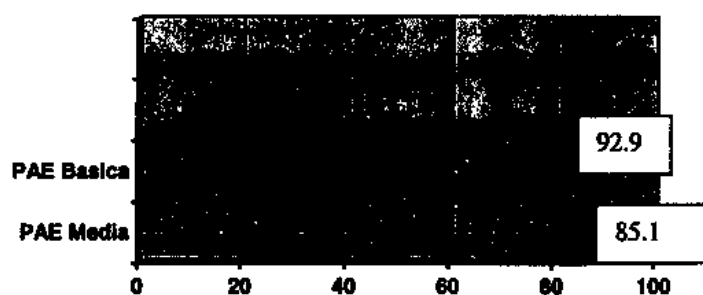
Years of average schooling in Chile have increased at all income levels and 60 per cent of the total public education spending goes to 40 percent of the neediest children. This is better than in most countries (Delannoy,2000). In an analysis of the 1998 Caracterización Socioeconomicos Nacional (CASEN) household survey the results support this statement, where the first and second lowest quintiles receive respectively, 54.7 and 25.9 percent of the feeding at the basic education level. This pattern also corresponds to the middle level. (Table 4 and Figure 1) The CASEN survey is used as an instrument for social policy programming, monitoring and evaluation. Its general objectives are: measuring and evaluating the redistribution of social spending, especially its impact at the lowest income groups, measuring income distribution of the entire population (how social spending has impacted income distribution), evaluation of the programs in progress and identifying changes in the distribution and effectiveness of social spending (Brodersohn, 1994).

**Table 4: Distribution of Beneficiaries From Main Programs By Income Quintile (Per Capita Household Income**

|                               | Quintil de ingreso |      |      |      |     | Total |
|-------------------------------|--------------------|------|------|------|-----|-------|
|                               | I                  | II   | III  | IV   | V   |       |
| PAE<br>Primary<br>Education   | 54.7               | 25.9 | 12.3 | 5.7  | 1.4 | 100   |
| PAE<br>Secondary<br>Education | 41.7               | 26.3 | 17.1 | 11.4 | 3.5 | 100   |

Source: MIDEPLAN , Encuesta CASEN 1998

**Figure 1: Targeting to the 3 Poorest Quintiles (Household Income Per Capita)**  
(as a percentage from population receiving the program)



Source: MIDEPLAN, Encuesta CASEN 1998.

However, the impact of this numerical reality is called into question in Delannoy (2000) where inconsistencies such as a higher dropout rate between basic and secondary schools exist in the poorest income quintile, where one quarter of the youth from this group do not attend secondary school. Also, there is a higher repetition and dropout rate in secondary schools serving the poorer income groups. An actual evaluation of the specific impact of PAE on the education and nutrition levels of the country does not exist. JUNAEB recognizes the need for this type of evaluation, but due to the cost of such an undertaking it has not been realized to date. However, the need for this evaluation will be presented as a requirement for the budgetary year 2002.

Chile represents a clear example of using targeting as part of a larger neoliberal package of programs. Given this limited information, PAE does offer some important considerations for further discussion. Given that PAE utilizes two layers of selection

(targeting at the geographic level and then at the individual level), it should indicate that this mechanism does in fact reach the poorest of the poor. However, this is where the discussion of imperfect information comes back. You can only evaluate to a point and then the accuracy of your decision will have errors. Chile has created stringent indicators but they are only a proxy, what transpires in reality may be different. For example, consider the analogy of hiring an employee, you may use education and experience as indicators of the worth of that employee. However, when the employee starts working, s/he is lazy and always late. These are characteristics you as the employer could not know given because the information you requested did not reflect it. The same problem results with targeting. The poverty profile a country designs will not capture certain aspects of poverty but not all. This is why targeting cannot be rigid. The use of advanced technology (smart card) is another method to ensure that only designated recipients receive benefits re-enforces this goal of reaching only the poorest. However, this type of "stamp" can be a punitive way of distributing benefits to recipients. Chile has also contracted out meal provision to the private sector, which indicates that its primary concern is cost. Placing this within the larger discussion of welfare, Chile is selecting out only the "needy", it is not concerned with the "in between" poor. The very fact that in schools some children are fed and isolated as needy and others are not is very divisive. This is a very difficult decision to make because it restarts the debate of cost or welfare and this debate is not purely ideological. When there is a situation of resource constraints perhaps it is better to have any program in place regardless of how skeletal one may think it is rather than none. The objectives of PAE are very clear, the indicators

are very specific, therefore based on well-defined poverty profiles, children are selected for the program is meeting its goals. Employing targeted programs figures prominently into Chile's strategy for fighting poverty.

## **Case Study 2: Jamaica – Nutribun and Milk Program**

Many children because of their economic position do not receive a proper breakfast before going to school and often times the food provided in the home is not sufficient to meet the basic nutritional requirements. From 1976-1988 USAID operated a Food for Peace Program where supplementary food supplies were sent by USAID to the island. Other agencies such as the Canadian International development Agency (CIDA) and the European Economic Commission (EEC) also provided food supplies such as skimmed milk powder, wheat flour, cornmeal, corn, butter etc. In 1976, USAID and the Government of Jamaica initiated a Patty and Milk Program, providing children with a food supplement. However, by the early 1980s, this program was discontinued.

The Jamaican National School Feeding Program began in 1984 with the assistance of the World Food Program (WFP). The program began as a Nutribun<sup>1</sup> /Milk program (NMP) that targeted 14, 500 beneficiaries in the parishes of St. Thomas and Trelawny. Before this 1984 start date, Jamaica realized the importance of providing school-aged children with proper dietary provisions so that they would be able to perform adequately in school. Within a year, the program expanded to feeding over 95, 000 children. In March of 1998, WFP ceased funding the NMP and the responsibility of funding of this program now rests solely on the Government of Jamaica. Today, the program provides for approximately 170, 000 beneficiaries in 636 schools at the basic, infant, primary and all age levels throughout the parishes of St. Andrew, St. Catherine, St. Thomas, Manchester, Westmoreland, St. Elizabeth, St. James, Trelawny. The overall goals of the feeding program are identified as:

- To encourage greater and more regular school attendance
- To alleviate hunger, and enhance the learning capacity of the pupils by providing a breakfast and/or a midday meal
- To serve as a source of income transfer for participating families
- To educate the children on the value of food through nutrition education classes
- To encourage the children to grow their own food by establishing school gardens
- To supply at least one third of the child's nutritional requirements

The Ministry of Education, Youth and Sports has overall responsibility for the feeding program. Administration of the program is conducted by the project management office of the school services unit. This office is responsible for ensuring the preparation and distribution of the snacks and the maintenance of funds received from the students. The Ministry pays an annual subsidy of J\$250.00 (approximately US \$7.14) per annum for each of the beneficiaries. Students are requested to make a contribution for the snack they receive. The requested contribution is US\$ 0.20 per snack. However, if a child cannot afford to provide this contribution they are not prevented access to the program because an allowance is made to provide for at least twenty per cent free lunches per day. Money collected from the students is used to support community based developmental programs such as repairing school buildings, sanitary facilities, school gardens, improving water supply and storage area for the snacks and assisting other poor children with uniforms and school books. In 1992, approximately 75 per cent of students paid some type of contribution however, that only accounted for an estimated 0.1 per cent of the total budget required for the operation of this program.

At present there are two feeding programs which fall under the Ministry's assigned programs for feeding students in the schools; the nutribun and milk program and a traditional/cooked lunch program. The preparation and distribution of nutribuns is the responsibility of Nutrition Products Ltd (NPL) which is a state owned company set-up under the Ministry of Education and Culture. There are three NPL factories located throughout the country for easier access to the different schools throughout the island. In school, the nutribun snack and a quarter liter of milk are distributed to the students by the teacher.

The Ministry of Education and Culture also supplies other food commodities to beneficiary schools. These commodities are rice, flour, cornmeal, corned beef, tinned mackerel and vegetable oil. Students are also required to contribute some money for participation in the lunchtime cooked meal program. The exact amount is dependent on the child and is decided upon by the teachers and school personnel. However, if a child cannot afford to pay and the teachers and school personnel feel that child should be allowed participation in the program, the child will not be prevented from participating. The government provides an additional subsidy of J\$5.68 per child per week for those participating in the program. These monies go towards buying fuel, meat, vegetables and paying the cooks' wages. The feeding program also encourages student participation in growing school gardens to help provide additional food resources.

Since the departure of the WFP in 1998, the entire feeding program is financed through the national budget and in the financial year 1998-1999, J\$414.8 million (approximately US\$11.85 million) was approved for these programs. The main



administrative hurdles identified with the NMP have been related to logistics. Daily delivery of food is demanding and if the trucks used for deliveries are not maintained this most naturally will result in the inability to make the deliveries. The production process has also been plagued by problems of poor management and equipment failure.

### **Targeting Mechanism**

The Jamaican National Feeding Program's targeting mechanism is described as progressive because benefits were distributed based on the information gathered from both population and household quintiles <sup>2</sup>. At the first stage of selection, schools are targeted geographically. At the same time, the NMP is also an example of a self-targeting mechanism. Children participate by their own choice. School officials and teachers are involved in the selection of students based on their knowledge of the socio-economic background of their students. For example, if the student does a lot of work before coming to school, the distance of their walk to school and those identified as being malnourished by health centers. Using the teacher's discretion in identifying students is an important tool in identifying needy students. However, teachers may be prone to including more students because they may see all students as being needy and therefore be less selective and less strict in excluding some children from the program. Teachers have no incentive to exclude children from the program, therefore this less stringent method of selection could result in increased leakage of program resources. Teacher discretion is however a more "humane" method of selection, it is more personal and responsive to what is really taking place at the ground level and more children who are in need will be reached.

Most of the schools were chosen because they are located in economically depressed food deficit areas (Baker,1992). Less scientifically, the schools are chosen based on a national information/knowledge of the schools and geographic areas that are considered poor. One of the major advantages of geographic targeting is its relative simplicity. Given that entire regions are selected it removes the complexity involved in individual assessments. The program is also more easily administered and understood by those administering it and those receiving it. However, the downside of geographic targeting is how accurate it will be in its outcome.

The success of geographic targeting is dependent on how similar selected regions are. For instance one area may be poor but still better off than another poor area and likewise another area may be poorer than that of an intermediary poor area. The result of this would be leakage of resources as well as undercoverage of the more poor. In other words those in a better situation may be taking up resources that could go to those in a worse situation. However, as will be seen later in the Mexican case of PROGRESA the poor tend to view themselves as "all poor" and as such all feel as though they are in need of the resources. The poor do not stratify themselves into poor, poorer and poorest, they are all poor.

Concerning geographic targeting there is debate as to what should be the ultimate size of the geographic unit to be targeted thereby reducing leakage. Results indicate that geographic targeting at the state level has relatively high leakage rates (Grosh, 1994). However, if a country is more interested in ensuring that the poor really are the recipients

of the resources then they may be less concerned about leakage rates. There is always a trade-off.

Geographic criteria also tends to exclude large pockets of poor people living in nonpoor regions (however defined). This is typically the case of urban areas where average welfare indicators are often higher indicating that poor people are doing better than they really are. Often times in urban areas there are pockets of poverty which are harder to identify. Targeting by geographical criteria will also tend to exclude the poor within geographical areas unless regions are defined in smaller units. However, this truth also holds more generally.

Schools are also chosen based on low school attendance and test scores. Any school which is selected into the program must be accessible by road, because of the nature of the food supplied and that it is transported to respective schools on a daily basis. However, some schools have invested in school refrigerators giving the delivered food a greater shelf life (Grosh,1994). This in and of itself may be a serious limiting factor excluding some very needy schools, therefore, coverage of the poor may not be accurate.

The Jamaican government believes this informal knowledge type of identification of beneficiaries is the best mechanism because there are too many other variables which they may be unable to account for. Looking at the distribution of snacks by household per capita consumption, one can see that 72 per cent of the beneficiaries of the program fell into the two lowest groupings. The data in the Table 5 also shows that at the secondary school level 80 per cent of the benefits were distributed at the level of the two lowest groups.

**Table 5: NMP Incidence by Household Quintile**

| <b>Beneficiaries</b> |               | <b>Percent Receiving Snack by Household Quintile</b> |          |          |          |          |
|----------------------|---------------|--|----------|----------|----------|----------|
|                      | <b>Totals</b> | <b>1</b>   | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| All Students         | (100%)        | 41%  | 28%      | 15%      | 10%      | 3%       |
| Primary              | (42%)         | 33   | 33       | 16       | 13       | 4        |
| All Age (grade 1-6)  | (37%)         | 51   | 25       | 15       | 8        | 1        |
| Secondary            | (21%)         | 55   | 25       | 13       | 4        | 3        |

Source: (Baker:5:1992)

From this data one would be inclined to believe that the targeting mechanism is a good one because of the high level being reached at the poorer groupings. However, as is the concern with geographic targeting, some poor people live in areas designated as nonpoor when in fact they are poor and should receive the benefits. This inadequacy was discussed earlier and will be discussed later as well. Also, in the Jamaican case, there should be some concern with the unsystematic way in which schools are selected, for this leaves considerable room for error and governmental inconsistency. One clear point that comes across when looking at targeted endeavors is the importance of transparency. The process of selection at the school level of the NMP seems to be weak.

On a positive note, as Jacoby observes, the NMP is an interesting case because the monotony of the nutribun snack is an incentive for the nonpoor to self-select out of the program. Jacoby suggests that given the choice of a lower quality public provided good, wealthier parents will opt for a higher quality market good. In other words, those with money would rather spend their money on another commodity than a public good. Therefore, this type of self-selection would help to eliminate leakage effects of the program. Jacoby finds that the poorest households received the largest benefits in absolute terms. He also states that there is a considerable deadweight loss associated

with the program, however, he was unable to state conclusively whether that deadweight cost outweighed the targeting advantage of the program (Jacoby:247:1997).

In a recent Inter-American Development Bank (IDB) loan proposal concerning Jamaica Social Safety Net Reform, when discussing the NMP the Bank and the Government seem to be moving towards a more integrated way of developing social programs for the poor. The Bank was also pushing for a more refined targeting system using a unified proxy means test. The Government of Jamaica also wanted to explore ways of making the NMP more cost-effective. Some of the possible reforms they are examining would be to look into the possibility of different procurement and delivery methods where so that schools in urban rural and very rural areas would be reached. This would imply the possibility of using the private sector and seeking voluntary community assistance with the provision of meals and have the Ministry of Education, Youth and Culture as an overseer with the role of setting certain guidelines.

Jamaica's NMP and more generally, Jamaica's social programs are changing. They are moving towards a more neoliberal style targeted approach. All programs in Jamaica's safety net programs will employ a proxy means test to identify beneficiaries. Currently, the NMP uses a type of geographic targeting and then relies on the discretion of the teacher. As mentioned earlier, to successfully target geographically depends on the homogeneity of a region because there may be groups excluded by the geographic definition of poverty. Also, Jamaica believes that the informal input of teachers will provide a better picture of the poverty faced by children because teachers interact regularly with their students and will generally know of their family situation. However,

this informality may result in more leakage of resources. The Jamaican government did not have any formal poverty map to identify poor regions, regions were chosen based on the country knowledge of government officials. This may be possible for a country that has a relatively small population such as Jamaica. However, it is doubtful that these types of methods could be used for any of the other case studies presented here. These are the kind of country specific details which must be considered.

Notes:

1. A nutribun is a baked item, it can be a spice cake or 'bullas' which are spiced buns.
2. Population quintiles are calculated based on per capita consumption for the entire population and household quintiles based on per capita consumption for households only. Results calculated using household quintiles will appear to be more progressive because poor households tend to be larger. (Baker, 1992)

### **Case Study 3: Costa Rica – Comedores Escolares**

The Costa Rican School Lunch Program represents an example of a targeted intervention, which grew out of a universally envisioned program. According to 1991 data, the Costa Rican government had just recently put in place a targeting mechanism for providing school lunches. Up until this time, lunches and breakfasts were often provided in every school nationally. The need for a targeted mechanism resulted from an erosion of financial resources. With increasingly shrinking resources, funds for school lunches fell and more money went towards covering the costs of paying the wages of cooks and dealing with other overhead administrative costs (Grosh, 1994). By 1985, 60 percent of the funds provided for the lunch program went towards paying the wages of the cooks. Schools and the program did also receive funds from the community, however, calories provided had fallen by half between 1981 and 1984. Therefore geographic targeting became an answer to these inadequacies.

The government reform sought to do two things; reduce the overhead costs of running the program. They did this by imposing a hiring freeze and as each cook retired the school would be responsible for hiring another cook or mustering community support to volunteer to do the work. Results indicated that from this action, the proportion of funds of the total budget that went towards paying cooks' wages dropped from 60 percent in 1984 to 43 percent in 1991 (Grosh, 1994). However, it has been argued that the impact of reducing the number of cooks did not seriously improve the cost problems merely shifting the cost from this category to another (Grosh, 1994).

The second area of reform was that the government of Costa Rica began to target its resources to schools located in the poorest areas and identified as most in need. The basic concept of the school lunch targeting mechanism was that schools were divided into three priority groupings, the first being the poorest and the third being the richest. In 1984, according to the poverty map categorizing the Costa Rican poor, 20 percent of the population fell into that poorest grouping, 25 percent in the middle grouping and 55 percent in the wealthiest grouping. Ultimately, no school was actually excluded from the program, benefits were just distributed differently depending on a school's classification according to how it was categorized in the poverty map. For example, Priority I schools were given US\$0.12 per child per day. Priority I schools were all schools that fell into the highest priority areas on the poverty map. Priority II schools were given US\$0.08 per child per day. Priority II was assigned to those schools considered intermediate in terms of need based on the poverty map and those schools in the wealthiest areas but which had between 100 and 500 students. Priority III schools were those listed as being in the wealthiest tier of the poverty map and had more than 500 students; these schools were given US\$0.05 per child per day. In 1990 this classification was changed and schools designated as Priority III schools were reclassified as Priority II schools. These priorities were assigned based on a ranking derived from the country's poverty map. This map was created using the Unsatisfied Basic Necessities method and the information generated from the Population and Housing Census where the Índice de Desarrollo Social, was constructed based on a combination of indicators. Among these indicators were such questions as, type of housing, sanitary conditions, school attendance, and average income



in the area. From this index a poverty map is created. This poverty map was done both at the rural and the urban level. At the rural level, zones were categorized according to a scale of how their basic necessities were met. Zones were ranked as, extremely low (attainment of basic needs), very low, low, average and average to high (Brodersohn, 1994). Table 6 indicates the level of beneficiaries based on priority ranking.

**Table 6: Costa Rican School Lunch Program**

| <b>Costa Rican School Lunch Program</b> |                               |             |
|---|-------------------------------|-------------|
| <b>Priority Level</b>                   | <b>Share of Beneficiaries</b> |             |
|   | <b>1990</b>                   | <b>1991</b> |
| <b>I</b>                                | 38.5                          | 32.8        |
| <b>II</b>                               | 61.5                          | 12.9        |
| <b>III</b>                              | 0.0                           | 54.3        |
| <b>Total</b>                            | 100.0                         | 100.0       |

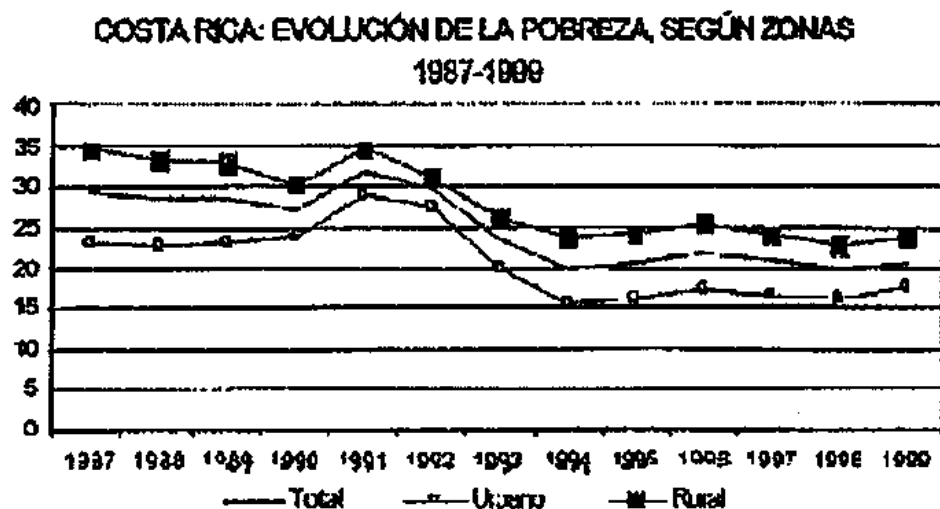
Source: (Trejos, 1992 in Grosh, 1994)

This method of allocation was one way to ensure that the poorest schools and hopefully the neediest children would be the recipients of the benefits. In 1999, 22.6 percent more resources than the resources of 1998 were directed toward the Comedores Escolares operated in the Division de Alimentación y Nutrición al Escolar y al Adolescente (DANEA) allowing the program to help feed 483, 454 students. This increase also allowed for a greater allocation of money for each child.

Poverty reduction in Costa Rica is reported as a success story. According to the Ministry of Planning, 20 percent of households in Costa Rica are categorized as poor. Compared to other countries in the region, this number is significantly lower. The first graph illustrates the evolution of poverty in Costa Rica between 1987 and 1999 breaking down the incidence of poverty based on groupings of the population, rural, urban and total poverty. Graph 2 illustrates the extent of poverty in Costa Rica, breaking down the

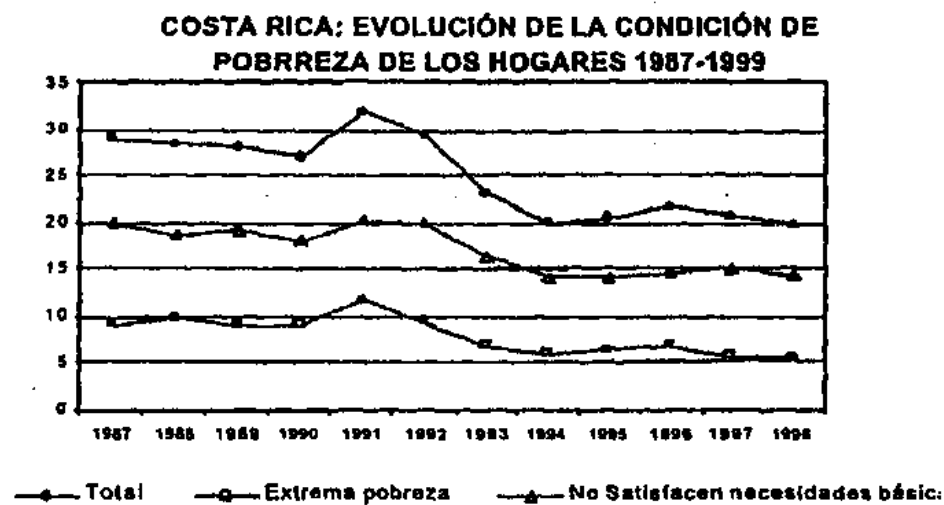
total poor into those who live in extreme poverty and those who cannot satisfy their basic needs.

Figure 2:



FUENTE: INEC. Encuesta de Hogares de Propósitos Múltiples. 1999.

Figure 3:



FUENTE: INEC. Encuesta de Hogares de Propósitos Múltiples. 1999.

Since 1821 when Costa Rica obtained its independence the government has made concerted efforts to place as a priority the basic necessities of the population. In the 1940s Costa Rica pursued a new image of social policy in the country where programs geared towards health and education were strengthened and the government began to play a more increased role in the provision of universal social services. By the 1970s, these efforts were reflected in the standard of living of the population (Sauma and Trejos, 2001). Costa Rica's social indicators of health, education, sanity and social security are better in comparison to other countries with a comparable level of income (FODESAF,1998). These results have been linked to Costa Rica's long support of universal policies of social intervention. This requires a serious commitment of resources from the government. Over the past two decades, social spending in Costa Rica accounted for approximately, one-fifth of the national income. See Table 7 for details of the evolution of social spending in Costa Rica.

**Table 7: Costa Rica: Public Social Spending (1980-1996)**

| <b>Costa Rica: Public Social Spending (1980-1996) in millions of Colones</b> |              |
|--|--------------|
| <b>Date</b>  | <b>Total</b> |
| 1980   | 236,295      |
| 1981   | 210,170      |
| 1982   | 156,988      |
| 1983   | 187,707      |
| 1984   | 202,447      |
| 1985   | 211,928      |
| 1986   | 258,250      |
| 1987   | 247,031      |
| 1988   | 238,119      |
| 1989   | 279,983      |
| 1990   | 277,703      |
| 1991   | 268,492      |
| 1992   | 280,354      |

| <b>Table 7: Costa Rica: Public Social Spending (1980-1996) in millions of Colones</b> |         |
|---|---------|
| 1993  | 321,216 |
| 1994  | 359,796 |
| 1995  | 358,443 |
| 1996  | 390,337 |

Source: (Sauma and Trejos, 2001)

\*1 US Dollar (USD) =(approx) 338.550 Costa Rican Colon (CRC)

Overall social policies according to the Costa Rican government must be universal in nature with a specific emphasis of targeting geared towards identifying segments of the population with very low incomes and social services. Universal policies would generally work better when the majority of the population is poor. Once, incomes and people's standard of life begins to rise it is important that those in a better position contribute more substantially to the social system in a type of "pay back" effort.

Targeted social policy came to the forefront in Costa Rica in the 1970s.

Organizations such as the Instituto Mixto de Ayuda Social (IMAS) was formed in 1971 with the objective of solving the problem of extreme poverty in Costa Rica. In 1974, the Fondo de Desarrollo Social y de Asignaciones Familiares (FODESAF) was established and these form the two most important organizations in fighting poverty.

In 2000, the government introduced its Solidarity Plan geared towards increasing the efficiency and effectiveness of the resources dedicated to containing poverty. The Plan encompasses all programs and policies geared towards improving the capacity of the poor in society (Rindiendo,2000). The objectives of the Solidarity Plan are:

- Guaranteeing that FODESAF resources are being allocated to ensuring the well-being of the poor

- Decentralization of the state's role to foster greater community participation in meeting their own needs and providing for themselves
- Specialization of institutions to maximize their utility
- Fostering cooperation between institutions and reducing duplication of efforts
- Increased attention to the structural nature of poverty
- Evaluation of program actions to guarantee the efficiency of the resources employed

Fischel defines the triangle of solidarity where the major points are, democratization, decentralization and modernization. These key areas sound very similar to the usual neoliberal policy prescriptions being pursued by much of Latin America and the Caribbean. It is not yet clear the extent by which this new approach would help to either decrease the cost of social interventions in a country where administrative costs of social programs are known to be high, or improve the delivery of social services to the poor. It will also be interesting to evaluate the extent by which this new approach uses a more or less targeted methodology and its impact in improving efficiency of social services.

In order to pursue the policy of targeting, Trejos identifies some important considerations:

- Programs must be designed with clear objectives
- Users/Beneficiaries must be selected based on poverty profiles
- Integrate programs so as that programs are not seen as isolated
- Evaluate the operations of the program based on goals and objectives
- Make policies adequate to match the social and economic situation of the country

Although these considerations appear vague, they show the overall considerations that must be met and at the same time they are flexible to country specific details. There is no one targeting design, which can be replicated for all countries, but these considerations should hold universally. The success of targeted social policies is not clear. Rather, results over the past few decades have indicated that a substantial part of the money dedicated to fighting poverty has in fact gone towards covering administrative costs and did not reach the poor (FODESAF, 1998). If this is the case then this begs the discussion of how valid the claim is that targeting in fact saves resources. This result would cause one to think that costs are just hidden and transferred elsewhere. The costs of geographic targeting are substantial. The claim is that these programs need to be evaluated in terms of current necessities. Also, the programs established in the previous decades have been sustained because the allocation of resources have been guaranteed by the laws formed throughout the years. In turn, this has had a negative effect on targeted programs. Therefore, if costs are going to be high regardless is it better that money go towards administration and design or towards the poor. Earlier in this discussion the claim was made that too much money went towards paying the wages of cooks however, that was also employment generation and at the lower levels rather than at a more bureaucratic level. A lot may just depend on which is a more preferable cost when deciding how to plan these programs.

Costa Rica's targeting mechanism is the least rigorous of the three case studies. Given its social-political past, its history is different. The case of the Comedores Escolares is an example of targeting within a universal context. Just looking at the

Triangle of Solidarity indicates the more inclusive motivation behind social policy in Costa Rica. Costa Rica targets at the geographic area identifying entire blocks as poor and in need of assistance, then using a scale of need resources are distributed with the poorest areas receiving more than a less poor area. Under this type of scheme no one group is left without. It gives the population some confidence that its government does in fact have concern for the well-being of its people. Also the scale and classification of Priority I, II and III have been re-evaluated and when Priority III schools protested their need for more resources they were heard and schools were then re-classified as Priority II. This indicates a certain level of flexibility in Costa Rica's planning which is very necessary because poverty is not static, needs change and must be accommodated for if human development is really of interest.

## **Chapter 6:**

### **Mexico - Programa de Educación, Salud y Alimentación (PROGRESA)<sup>1</sup>**

Poverty in Mexico increased most markedly between 1984 and 1989. One of the major reasons cited for this is the decrease in income among the rural poor. The incidence of poverty in rural areas increased from 66.9 per cent in 1984 to 69.4 per cent in 1989. Poverty is not only more prevalent in the rural areas but the income of the poor in rural areas is substantially below that of the poor in urban areas (Alarcón, 1997).

After the 1982 debt crisis, Mexico pursued policies of structural adjustment and embarked on a transition to a more open economy. This period marked the beginning of a new approach to social policy in the country. The traditional concept of the welfare state and the provision of universal coverage for basic social services were being eroded. In its place, a neoliberal focused approach to poverty reduction became the mechanism for poverty alleviation. For more background information see Appendix B.

PROGRESA (Programa de educación, salud y alimentación) was born in August of 1997 out of this marred image of poverty alleviation programs after the country's relative failure with PRONASOL. By the end of 1997, 404 thousand families from thirteen different states were receiving the package of benefits offered by PROGRESA. As of the end of 1999, PROGRESA covered approximately 2.6 million families or about 40 per cent of all rural families and one-ninth of all families in Mexico. At the end of 1999, PROGRESA also accounted for slightly less than 20 per cent of the Federal Government of Mexico budget. As (Scott,1999) cites PROGRESA differentiates itself from PRONASOL (Mexico's Solidarity Program, see Appendix B) in that it attempts to



be transparent in nature and promotes co-responsibility of beneficiaries to build a greater participatory character for the program. PROGRESA sought to undo the damage of PRONASOL.

PROGRESA forms part of the general social policy agenda of the Mexican government. The Mexican secretary of social development described the goals of PROGRESA as six-fold; integration, decentralization, coordination between institutions and levels of government, social participation, regional development and the prioritization of regions most left behind (Campos, 1999). PROGRESA aims to tackle the structural intergenerational nature of poverty. In other words, providing future generations with the capacity to meet their needs in the present should improve their ability to break the cycle of poverty.

PROGRESA is primarily a demand side program with the objective of inducing households through different mechanisms to make more use of existing educational and health facilities and to increase the basic capabilities of individuals who are living in extreme poverty (Skoufias & McClafferty, 2001). The program seeks to accomplish this through several social objectives:

- To improve the education, health and nutrition conditions of poor families, particularly mothers and children, integrating these three core components
- Ensure that households have sufficient resources so that their children can complete basic education and that families have the ability to develop the basic capacities of all family members

- Promote the participation of parents and family members in improving the lives of young people
- Promote community participation to support the actions of PROGRESA and support community development of initiatives similar to, or, complementary to PROGRESA

The underlying desire for a program like PROGRESA was to address the issue of inequality so evident in Mexican society and to assist and help to integrate a large portion of the population that has been excluded from the benefits of economic growth and development. PROGRESA applies an integrated social policy approach focusing on education, health and nutrition. It is also an innovative program which is being used as a model by other countries in Latin America. For example, similar programs are taking root in Honduras, Nicaragua and Argentina.

#### **Program Components:**

Beneficiaries are selected into PROGRESA using a three-stage method of selection starting at the locality level and moving on to the household level. This procedure will be discussed in greater detail later in this case in the section entitled *methodology and targeting*. Upon selection into the program, benefits available to households are three part under the umbrella of education, health and nutrition. These components consist of elements such as; educational grants for school aged children, free basic health care for all members of the beneficiary family and the provision of preventative health information for female beneficiaries. As well, monetary transfers and nutritional supplements are provided to poor families, particularly children and women to improve their food consumption and nutritional status. PROGRESA has a maximum

monthly allocation of 695 pesos (approximately US\$70) per family. Turning now to look at each component of the program gives more specific information about entitlements.

#### **Nutrition:**

Progresa provides a basic micro-nutrient supplemental package geared at small children and pregnant or lactating women. The goal of this supplement is to address the problem of infant malnutrition from the gestation stage through early childhood (the period when poor nutrition has the most devastating effects). Also, to ensure proper nutrition a monthly economic grant of 115 pesos (approximately US \$11) is provided for each beneficiary family. On average PROGRESA provides 6.1 million nutritional supplement packages along with an additional 3.2 million for pregnant and lactating women (Gómez de León, Parker and Hernandez ,1999). PROGRESA tries to minimize the incidence of low birth weight and later problems that may develop in terms of nutrition and child health. Therefore, children between the ages of 4-24 months, pregnant and lactating women receive supplements to provide them with the recommended daily micronutrient and protein intake. These groups are given enough supplements to be taken daily (one supplement a day) Children between the ages of 25-60 months who are found to still be suffering from malnourishment continue to receive these supplements (Gertler,2001).

#### **Health:**

Beneficiary families receive a basic health package free of charge emphasizing the need for preventative health. As a part of the health program a special emphasis is

placed on children and their developmental requirements, making sure they are well-fed and properly immunized. Also, women's health needs are stressed, specifically, pre and post-natal care as well as the early detection of cervical cancer.

In 1999, 14.2 million medical consultations were provided to beneficiary families, this number growing from 4.7 in the previous year. Also, the program incorporates 1.2 million training courses in health, nutrition and hygiene, this number growing as well from its 1998 figure of 400 000 of this type of facility. The health component provides basic health care for all members of the family.

**Table 8**  
**Interventions in the basic health services package of PROGRESA**

|   |
|---|
| Basic sanitation at the family level                                |
| Family planning   |
| Prenatal, childbirth and puerperal care                             |
| Supervision of nutrition and children's growth                      |
| Vaccinations  |
| Prevention and treatment of outbreaks of diarrhea                   |
| Anti-parasite treatment   |
| Prevention and treatment of respiratory infections                  |
| Prevention and control of tuberculosis                              |
| Prevention and control of high blood pressure and diabetes mellitus |
| Accident prevention and first-aid for injuries                      |
| Community training for health care self-help                        |

Source: Gómez de León, Parker and Hernandez (1999)

Receipt of these benefits is dependent on regular visits to health service centers. The frequency of these visits depends on the age group of the individual which is broken down into three groups of beneficiaries; children, women and adults and youths.

**Table 9: Health care requirements of PROGRESA**

| <b>Annual Frequency of Health Care</b> |   |
|--|---|
| <b>Age Group</b>                       | <b>Annual Frequency</b>                                   |
| <b><u>Children</u></b>                 |   |
| Newborn to one year of age             | 7 check-ups: 7 and 28 days; 2, 4, 6, 9 & 12 months        |
| One to two years                       | 4 check-ups: one every three months                       |
| Three to five years                    | 3 check-ups: one every four months                        |
| Six to eleven years                    | 2 check-ups: one every six months                         |
| <b><u>Women</u></b>                    |   |
| Of childbearing age                    | 4 check-ups: one every three months                       |
| Pregnant                               | 5 check-ups during prenatal period                        |
| During puerperium and lactation        | 2 check-ups: in immediate puerperium and during lactation |
| <b><u>Adults and Youths</u></b>        |   |
| Young Adults                           | One check-up per year                                     |
| Senior Citizens                        | One check-up per year                                     |

(Skoufias, 2001)

#### **Education:**

Regarding education, the goal of PROGRESA is to promote regular attendance of children at school through the provision of educational grants. The range of these grants go from 60 pesos to 120 pesos at the primary level and at the secondary level grants can be as much as 225 pesos for girls in their third year. It is hoped that these monetary supplements will allow young people to finish both primary and secondary school. The amount of the grant is dependent on the grade of school the child is at. The higher the grade of the child, the greater the amount of the grant. As well, at the secondary school level the grants for girls are somewhat higher than for boys due to the fact that girls at this stage have higher dropout rates than boys.

**Table 10**  
**Monthly amount of PROGRESA educational grant (pesos)**

| <b>Grade</b>     | <b>Boys</b> | <b>Girls</b> |
|------------------|-------------|--------------|
| <b>Primary</b>   |             |              |
| 3rd year         | 60          | 60           |
| 4th year         | 70          | 70           |
| 5th year         | 90          | 90           |
| 6th year         | 120         | 120          |
| <b>Secondary</b> |             |              |
| 1st year         | 175         | 185          |
| 2nd year         | 185         | 205          |
| 3rd year         | 195         | 225          |

(Skoufias. 2001)

#### **Administration of the Program:**

PROGRESA is an inter-institutional program operating at the federal level and is coordinated by la Secretaria de Desarrollo Social (SEDESOL) through the Coordinación Nacional de Progresa (CONPROGRESA). CONPROGRESA was created with the objective to manage the execution of PROGRESA. In terms of the functioning of the program; The community promotora has been found to play an important role in the successful operation of the Program. They represent a critical link between Progresas communities and the state level office of Progresas (Gómez de León, Parker and Hernandez 1999). The Promotora is a local female liaison who is also a beneficiary of PROGRESA acts as an educator, problem solver, facilitator etc. This person is a vital link in the operations cycle of the program. The Promotora ensures that beneficiaries

meet their different obligations in order to keep up with the requirements of the program. PROGRESA's benefits are conditional upon children's attendance at school and clinic visits by members of the family.<sup>2</sup>

The proportion of PROGRESA's spending dedicated to administrative costs is relatively low as compared to the larger amounts of funds dedicated to transfers for core components. See Appendix C for a table outlining PROGRESA's budget for 1999.

One of the most important aspects of PROGRESA is the element of compliance or co-responsibility. Beneficiary families are expected to fulfill certain requirements as members of the program. Monetary educational allotments are dependent of child attendance at school. Therefore, if the child misses more than 15 percent of school days without valid reasons, the monthly educational grant will not be allocated to the family. Also, families must complete monthly scheduled visits to the health facilities on order to receive the supplement for nutrition. Therefore, it is a family effort in order to receive these benefits.

### **Methodology and Targeting**

PROGRESA focuses on rural marginalized regions. The method of selecting communities into PROGRESA begins with the approximation of poverty conditions at the locality/community level. Using the 1990 population census and the 1995 population count, a Basic Index of Marginalization was created. This first step of the targeting mechanism takes place at the geographical level identifying the poor regions/localities. The criteria of the marginality index is sevenfold with four indicators coming from the

1995 count and the remaining three coming from the 1990 Census. Together the components of the marginality index were as follows:

- Share of literate adults in the locality (>14 years of age)
- Share of dwellings without water
- Share of dwellings without drainage systems
- Share of dwellings without electricity
- Average number of occupants for room
- Share of dwellings with a dirt floor
- Share of population working in the primary sector

From the index, localities could be ranked by marginality. This index was based on a scale with five levels of marginality classification, very high, high, medium, low and very low. The score generated for a total of 105 749 localities, information based on the above seven indicators was available for only 74,994. For the remaining 29, 698 localities regression techniques were used to create a marginality score for them and for Chiapas a different equation was used to estimate the marginality score. Once this index was created localities could be ranked by marginality. However, other elements were also considered in deciding whether or not a community would be accepted into the program. These elements consisted of such components as the presence of health and school infrastructure in a given locality and the availability and quality of roads when services were not located in a given locality. Those localities with access to all necessary facilities were considered candidates for selection and were forwarded on to the next stage of selection (Skoufias, 1999). However, the requirement of the presence of certain facilities



created barriers for locality selection. Moreover, these barriers would make it more likely that communities because of the absence of a given element of infrastructure such as a clinic would be excluded regardless of the fact that these communities may include some of the poorest households. This was explained and qualified by IFPRI in their conclusion that these communities tend to be very small and isolated (Skoufias, 1999). Therefore, PROGRESA's targeting was reaching the extreme poor by discriminating in this way.

Following the identification of marginalized localities, beneficiary families were then selected at the household level categorizing them as "poor" or "non poor". This was accomplished using the Socio-economic Characteristics Household Survey (ENCASEH). The survey included questions such as the presence of disabled persons in a household, ownership of durable goods, running water in the house and animals and land as well as questions related to income levels. This type of multi-dimensional profile is seen as necessary because poverty is not solely a function of income. The exact selection of localities by PROGRESA is a six-fold procedure which will be elaborated on later in this section.

Finally, once households are selected a community assembly takes place where the names of selected families are made public and presented to the community in an assembly procedure. At this assembly comments and questions are dealt with to determine who should or should not be included on the list. In practice very few proposed households are refused (Skoufias, 1999). The goal of this procedure is consensus building at the community level. At this time, families who feel that they have

been wrongfully left out of the program can appeal for PROGRESA re-evaluate their case.

PROGRESA benefits are given directly to women, which is seen as a necessary step in order to promote gender equality in communities. Also, PROGRESA seeks to address the fact that women are more vulnerable to poverty and are the ones primarily responsible for household resources, especially the care of the children.

IFPRI engaged in an evaluation of PROGRESA at two levels (the first two stages of PROGRESA's targeting) in order to evaluate how effective the program is in terms of its targeting mechanism. In order for IFPRI to accomplish this they constructed a measure of comparison. In other words, they generated a consumption-based criterion for identifying localities where poor households dominate and contrasted their findings with the results of PROGRESA.

IFPRI, following the philosophy of Baker and Grosh (1994) and Hentschel et al. (1998) concluded that the design of the marginality index and its effectiveness is positively related to how successful a program would be at identifying where poor households are located.

Therefore, PROGRESA's construction of the marginality index relied on the information discussed above, using locality level information from the Census. However, census data offers little information about household resources and disallows the ability to gather information such as consumption per adult equivalent at the household level.

Consequently, to overcome the informational gap, IFPRI used the 1996 Mexican National Survey of Income and Expenditures (ENIGH) to construct household

consumption per adult. Then, to classify households as poor or nonpoor IFPRI used the 25<sup>th</sup> percentile as the poverty line and estimated a probit model <sup>3</sup> of poverty status. Each community is assigned a probability of being poor and based on these assignments of the probability of being poor, communities are separated into five groups (low to high marginality) Once this classification is made it is used as a point of comparison to the results of PROGRESA. From this information, errors of inclusion and exclusion are calculated. <sup>4</sup>

IFPRI found that PROGRESA's marginality index performed quite well when compared to its constructed model. However, PROGRESA's selection was most in line with IFPRI's results at the "low" and "very high" marginality classification categories. That is, localities identified by PROGRESA's marginality index as "very high" were also defined as "very high" by IFPRI's methodology. PROGRESA was not as effective (meaning its results did not match the results of IFPRI) in the middle categories. Therefore, PROGRESA was better at identifying extremely poor but less capable of identifying moderately poor localities. This is a critical finding as PROGRESA attempts to expand into the less marginal communities. Initially PROGRESA incorporated localities in the two highest marginality categories, beginning with the most marginal.

At the second stage of PROGRESA's targeting, after localities are identified, PROGRESA moves on to select households. To make this selection PROGRESA uses a per capita welfare measure (derived by dividing the household income by the number of members in the household). To elaborate a bit further on PROGRESA's selection process for households, it is a six-step process beginning with the ENCASEH being

conducted in all the households of the selected marginal localities. Secondly, total income was calculated based on the results of the ENCASEH survey. Thirdly, child (between the ages of 8 to 18) income is subtracted from total household income because that income would not be continued given that the child would be enrolled in school. Fourthly, per capita income is obtained by dividing total household income by the number of members of the household. Fifthly, the per capita income obtained from the previous step is compared to a Standard Food Basket <sup>5</sup> to determine whether income is less than this prescribed poverty line therefore a poor household or if income is greater than the poverty line it is designated nonpoor. Finally, discriminant analysis <sup>6</sup> is applied to each geographical region in order to identify those variables most useful in the classification of poor versus nonpoor households to create an index that standardizes the selection and separation of poor and nonpoor.

IFPRI analyzes PROGRESA's second stage of targeting by comparing its per-capita welfare measure with alternative individual level welfare measures. Using the 1996 Mexican National Survey of Income and Expenditures (ENIGH) IFPRI created a model incorporating a scale to accommodate for the different nutritional needs specific to differing ages and gender. Also, IFPRI took into consideration economies of scale in terms of consumption at the household level; meaning the impact of family size on beneficiary selection. Ultimately, IFPRI uses a predicted consumption per adult with which to compare PROGRESA's targeting based on the 24,077 households for whom data was available from in the 1997 ENCASEH survey. Finally, using two poverty lines,

the 25<sup>th</sup> and 52<sup>nd</sup> percentiles<sup>7</sup> an evaluation in terms of leakage and undercoverage is generated for PROGRESA.

**Table 11: PROGRESA's Selection versus Consumption Based Targeting**  
**Poverty Line = 25<sup>th</sup> Percentile of Consumption per Adult Equivalent**

|   | Consumption-Based Criterion for Selecting Households |                       |                  |
|---|--|-----------------------|------------------|
|   | <u>Nonpoor</u>                                       | <u>Poor</u>           | <u>Total</u>     |
| Households excluded from PROGRESA benefits ( <b>Nonpoor</b> ) | 10 405   | 1 153<br>(U = 19.15%) | 11 558<br>(48%)  |
| Households selected for PROGRESA benefits ( <b>Poor</b> )     | 7 652<br>(L = 61.12%)                                | 4 867                 | 12 519<br>(52%)  |
| Total   | 18 067<br>(75%)                                      | 6 020<br>(25%)        | 24 077<br>(100%) |

(Skoufias, 1999)

**Table 12: PROGRESA's Selection versus Consumption Based Targeting Poverty**  
**Line = 52<sup>nd</sup> Percentile of Consumption per Adult Equivalent**

|   | Consumption-Based Criterion for Selecting Households |                       |                  |
|---|--|-----------------------|------------------|
|   | <u>Nonpoor</u>                                       | <u>Poor</u>           | <u>Total</u>     |
| Households excluded from PROGRESA benefits ( <b>Nonpoor</b> ) | 8 246  | 3 312<br>(U = 26.45%) | 11 558<br>(48%)  |
| Households selected for PROGRESA benefits ( <b>Poor</b> )     | 3 310<br>(L = 26.44%)                                | 9 209                 | 12 519<br>(52%)  |
| Total   | 11 556<br>(48%)                                      | 12 521<br>(52%)       | 24 077<br>(100%) |

(Skoufias, 1999)

**Table 13: Undercoverage and Leakage Rates of PROGRESA with Different Poverty Lines**

| Poverty Line Used  | 25 <sup>th</sup> percentile | 50 <sup>th</sup> Percentile | 78 <sup>th</sup> Percentile |
|--------------------|-----------------------------|-----------------------------|-----------------------------|
| Undercoverage Rate | 6.63%                       | 10.80%                      | 16.27%                      |
| Leakage Rate       | 70.10%                      | 42.87%                      | 16.34%                      |

(Skoufias, 1999)

The determination of the poverty line is very important in terms of its influence on the degree of leakage or undercoverage that results. The following table is a composite looking at how the undercoverage and leakage rates are influenced as the poverty line changes. These rates are reflective of how PROGRESA's results compare to the consumption model created by IFPRI. In other words at the extreme poverty line of 25%, the undercoverage rate is 6.6 percent. Therefore, approximately 7 out of 100 households classified as in extreme poverty by IFPRI's model are not classified as poor by PROGRESA. These were families that should have been covered by PROGRESA but were not. Given that undercoverage rates increase as the poverty line increases reiterates that PROGRESA's targeting accuracy is better at identifying the extreme poor.

PROGRESA has undergone an adjustment process of densification, which was a process of altering the poverty lines in order to ensure the inclusion of households that were originally left out, thereby reducing the undercoverage rate. Basically, the densification process occurred because it was felt that certain groups of people, namely, those families without children and the elderly were being disproportionately excluded. Therefore, this measure was aimed at including more people into the program. In the

addendum to the report by Skoufias on the effectiveness of PROGRESA's targeting mechanism the following results of inclusion and exclusion were derived.

When evaluating a targeting programme it is important to consider; the criteria by which beneficiaries are identified and resources allocated, the efficiency of the targeting in terms of errors of inclusion and exclusion as well as the costs of identification and the effect on the beneficiaries. Finally, it is important to consider the overall effect of the strategy against poverty, how it will operate within the socio-political context into which it is introduced. PROGRESA is the first programme to be subjected to a rigorous evaluation of its methods and overall effectiveness (Scott, 1999).

#### **Criticisms of PROGRESA:**

Although PROGRESA's targeting mechanism has been described as sound, some areas for improvement have been cited. The necessity of the third stage (the community assembly) of beneficiary selection has been questioned. It has been suggested that this stage should be more of a complement than a mandatory step in the overall process.

Also, there is the question of social cohesion. In areas where there is a higher proportion of poor people, targeting may not be necessary and it may be more beneficial socially, to provide the program to all members of the given community than to target narrowly and cause community strife. Coming out of different focus groups on the topic of beneficiary selection there is evidence of social problems. Some of these problems were; enumerators who came to gather information for the socio-economic survey did not return when people were not at home. Also, some people were ashamed to admit their

poverty. At the community level, people view themselves as “all poor” and all in need therefore the selection criteria is too fine tuned. As well, at the community level the input of doctors and school directors was not included in the selection process. Social divisions have also manifested themselves in non-beneficiaries not wanting to participate in other community activities with beneficiaries at the community level (Skoufias and McClafferty, 2001).

There has also been a discussion regarding the adequacy of PROGRESA's targeting. PROGRESA has been cited as excluding the extreme poor who live in an urban locality or in rural areas that are not high or very high on the marginalization scale. In other words, it has been suggested that PROGRESA does not capture the totality of poverty. This shortcoming is a result of the fact that the first stage of selection is at the locality/community level which results in a type of natural exclusion. Therefore, by location alone persons may be excluded from the program.

One must consider what happens to poor households that are excluded from PROGRESA benefits because they do not have a necessary facility in their locality. These households cannot be simply written off. The stringency of the program has created a type of barrier to inclusion.

Julio Boltvinik submits that errors exist in the calculation of persons living in extreme poverty. Therefore, the government has eliminated many deserving recipients from having access to the program. Looking at a table from *La Jornada* reveals some interesting insight into the effectiveness of the targeting mechanism of PROGRESA. Boltvinik analyzes PROGRESA in comparison to different poverty lines to illustrate the



reach of PROGRESA. Taking the extreme poverty line (LPE) of a dollar a day and applying it to all the homes as per the Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH) 1996 revealed that 21.7 million persons of the population are living in extreme poverty. Consequently, Boltvinik compared this PROGRESA poverty line with two others, the Levy poverty line which is 25 per cent higher than the dollar a day analysis and the Comisión Económica Para América Latina y el Caribe (Cepal) -Instituto Nacional de Estadística Geografía e Informática (Inegi) which uses two different poverty lines for the urban and rural. The following was the result:

**Table 14: Excluded from benefits of PROGRESA**

| <b>Excluded from benefits of PROGRESA</b>  |              |          |           |          |
|--|--------------|----------|-----------|----------|
| Millions of people   | PLE Progresa | PLE Levy | PLE cepal | PL Cepal |
| Total poor   | 21.70        | 28.70    | 38.70     | 66.60    |
| Beneficiaries of Progresa  | 9.00         | 13.00    | 9.00      | 9.00     |
| Urban poor excluded  | 8.70         | 13.00    | 22.00     | 44.80    |
| Rural poor excluded by methodology for selection of beneficiaries*   | 4.00         | 4.70     | 4.95      | 7.425    |
| Total poor excluded  | 12.70        | 17.70    | 26.95     | 52.23    |
| <b>*Estimation done assuming poverty incidence of 40% to 47.5% for extreme poverty and 50% to 75% for moderate poverty</b> |              |          |           |          |

Julio Boltvinik, La Jornada (September 1999)

Looking at these numbers gives some reason for concern. Even using the PROGRESA poverty line, there are 12.7 million people who are excluded from the benefits of the program for differing reasons. That means that a substantial number of persons designated as poor are not receiving the benefits of this program.

PROGRESA has also been criticized as being used as a political tool. During the 2000 election campaigns cases have been documented where PROGRESA has been used as a leverage for political advancement. Amalia Garcia leader of the Partido Revolucionario Democrática (PRD) presented electoral irregularities where PROGRESA was used to ensure votes for the Partido Revolucionario Institucional (PRI) (Excelsior, 2000). Likewise, Alianza por Chiapas's candidate for Governor Pablo Salazar presented evidence to show that the PRI was issuing pamphlets describing how there would be increases to benefits if the PRI was elected (La Jornada, 2000). Also, recipients of PROGRESA were shuttled to PRI rallies (Smith, 2000).

#### **Conclusions:**

There is no precise study of the actual impact of PROGRESA on the socio-political landscape of the country. However, in (Scott, 1999) the author offers some interesting conclusions in this area. Firstly, at the household level, he suggests that the position of the woman as head of the household has been reinforced through PROGRESA. Secondly, at the locality or community level, the mechanisms of targeting have resulted in negative tensions between households. Thirdly, the mechanism of community consensus building and assembly is apparently flawed in that few of the excluded members do not plead for inclusion because they realize that their pleas would have to be answered within the same community. Fourthly, the program grants positions of power to persons such as the promotora and other persons responsible for reporting whether or not beneficiaries fulfil their requirements. These positions of power according to Scott allow for possible abuse of power. Fifthly, PROGRESA has

diminished the role of the municipal government given that it has not been given a very significant presence at the community level. To elaborate on this issue, the impact of PROGRESA on civil society and what spillover effects the program can have on building political and social cohesion must be called into question. If the program segments itself it reduces the possibility of cohesive operations between the different levels of the socio-political and economic machinery. Finally, the necessity for transparency in PROGRESA's operations in terms of the assignment of funds has been very important in order to offer legitimacy to the program. There were a great many criticisms levied against the earlier Mexican social policy program of PRONASOL. Among these criticisms were issues of mismanagement at the local governmental level. Therefore, by centralizing the administration of PROGRESA it is hoped that will increase transparency.

PROGRESA cannot be comprehensively compared to other programs of its type in Mexico because it is the first program to subject itself to such rigorous evaluation and it is the first program to target rural households directly. PROGRESA is also a very new program and it illustrates the need for flexibility in targeting mechanisms. It is difficult to capture all the poor and those deserving of benefits. Therefore, programs such as PROGRESA must allow itself enough latitude to be able to maneuver itself. In other words, programs such as PROGRESA must be malleable to the changing social, economic and political climate of the country.

**Notes:**

1. This case study was prepared for the Institute of Social Development at the Inter-American Development Bank (2001)

2. From an operations analysis by IFPRI there were some areas cited for improvement in terms of the Promotora system. For instance, it was identified that the training of the Promotora needed improvement in the areas of dealing with people and generating a better understanding of the program. However, the whole PROMOTORA system is a very innovative aspect of PROGRESA's programming.

3. A probit model is used to determine a predicted probability ( $P$ ) for any given value of ( $X$ ), the relation between these two is dependent on the value of  $X$

4. Undercoverage Rate= # localities not covered (by PROGRESA)  
(Exclusion Error) -----  
# localities should be covered (IFPRI calculation)

Leakage Rate = % beneficiaries should be recipients (IFPRI calculation)  
(Inclusion Error) -----  
# localities covered by PROGRESA

5. The Standard Food Basket is equivalent to approximately two minimum wages of 320 Pesos (approx. US\$35.46)

6. Discriminant analysis is a very useful statistical tool. It takes into account the different variables of an object and works out which group the object most likely belongs to.

7. The 25<sup>th</sup> percentile is the strict poverty line to capture the extreme poor and the 52<sup>nd</sup> percentile is the average poverty rate according to PROGRESA's results from the 1997 ENCASEH (52% of households were selected for PROGRESA's benefits)

## **Chapter 7: Discussion and Conclusions**

This study put forth four very different case studies from Latin America and the Caribbean region. Each of these cases illustrated the different methods of design and implementation of school feeding and education programs that can take place using targeting. They were each multilayer targeting schemes and all geographic in nature.

In the Jamaican case, selection of beneficiary schools was based on identifying poor geographic regions and on the knowledge of local officials. Jamaica's program was designed in such a way that only those who were really poor would choose to participate. The use of a standard snack, with no variety meant that if you could afford to bring your own snack then you would opt to do so and not participate in the program. In the Chilean case, there were very strict indicators used in order to determine beneficiaries. Selection took place at the geographic level and then at the individual level. The Costa Rican case offers a very different case where targeting was used within a universal context. Benefits were distributed based on a scale where need determined quantity of resources distributed.

In starting off this study the idea was that through an investigation of these case studies the necessary steps to generating optimal targeted interventions would be identified. At the end of this study the conclusion is that there is no universal answer to this question. Even in a relatively homogeneous region like that of Latin America and the Caribbean, countries have different socio-economic characteristics; histories, cultures, natural resources and they are at different stages of development. Things that work for some countries are not necessarily optimal in other countries. Methodologies for the

delivery of social services need to be flexible and well evaluated to produce good social results.

Just as results between countries are not uniform, likewise the methods employed are not easily transferable between countries. What is transferable is the underlying principles to be considered when deciding how to approach a targeted intervention. Governments must clearly decide how the program must fit into the national social, political and economic landscape of the country, making program objectives clear and definitive. It must then be who is to be the target group, who are the beneficiaries and what they will be receiving. How to define this group is where decisions become very country specific. Consider that the population of Jamaica is approximately 2.5 million and the population of Costa Rica is 3.7 million, compare that with the population of Chile which has a population of 15.2 million. Therefore, what may be possible in the Costa Rican or Jamaican case most likely will not work in the Chilean case. Needs are very country specific and each country has different constraints. Therefore, it is not possible to clearly say which targeting mechanism is more reliable.

There is a natural inclination to conclude that social programs should be available for all people. Therefore, targeting within a universal context as in the Costa Rican case appears more acceptable because it appears that no one will be left out. However, the risk of running a program in this manner is that when resources begin to dry up, the program will be spread too thin and in trying to accommodate everyone, you are really providing a watered down version of whatever service it is you are trying to provide.

Therefore, spending is a very real consideration for the long-term stability of any program.

Of the three case studies presented, Chile represents an example of a country, which places great emphasis on reducing the cost of SFP. Jamaica is a mix case. Its targeting mechanism is not as stringent as the one employed in Chile. Mechanism for the selection of beneficiaries is more participatory, with an important role played by local authorities and school teachers. However, there are strong pressures (as reflected in IDB documents and loan proposals) to move towards greater privatization of service delivery and more strict targeting in the selection of beneficiaries. The case of Costa Rica is interesting because their program started with a universal approach and has evolved into more targeted interventions as government financial resources decrease for this kind of programs. The Mexican case is presented as a way to illustrate the type of social programs emerging in the region, trying to adopt a multi-dimensional approach to poverty reduction through the design of integrated programs intended to create complementarities in the various dimensions of welfare: health and education at least.

Critics have expressed concern about the use of targeted interventions in the delivery of social services as a way to reduce the cost of social programs. The perception is that targeted interventions are part of the neoliberal economic package endorsed by the large banks and developing agencies. They argue that targeting is becoming a tool of patronage that furthers clientelistic relations in Latin America and the Caribbean. They also perceive a risk of damaging social relations that may lead to social dislocation, putting community up against community for minor differences in indicators that may not

amount to fundamental differences in living conditions, yet they are used to determine whether communities qualify or not as beneficiaries of social programs.

The goal of targeting, as an instrument for the delivery of social services, is to reach the desired group and minimize the cost of interventions. Achieving this dual objective in practice is much more difficult and there is always a trade off between effective coverage of the desired population and cost efficiency. The more emphasis is placed in minimizing costs, the larger the risk of leaving people behind. The more concern placed on making sure all deserving groups are included in social programs, the more expensive interventions will be. There is no general rule to justify more or less inclusive interventions; more or less costly programs; more or less targeted approaches to the delivery of social services. Decisions in this area will depend on the emphasis governments (and societies at large) place on creating the conditions for more egalitarian development in their country versus the need to save scarce public resources.



## **Appendix A:**

There are two types of poverty lines, relative and absolute (Ravallion, 1998; Olson-Lanjouw, 1996). The relative poverty line is a percentage cut-off point in the welfare distribution of a country. For example, if it was set as being the income level below which 30 percent of population lives. Or, it can be one-half the median income. The relative poverty line is easy to set and the procedure is very transparent. The major disadvantage to the relative poverty line is it is arbitrary, there is no steadfast rule as to how the percentage point would be decided upon and a relative poverty line does not capture changes in poverty over time or the differences in poverty between regions. There will always be a bottom 30 percent of the population but this poverty line does not capture if income rose for the entire country.

An absolute poverty line is linked to welfare measures. The idea behind setting an absolute poverty line is that there is a basket of basic consumption goods and those people who are not able to attain these basics are considered poor and those who can are categorized as nonpoor. There are some discrepancies as to how to decide on the basket of goods. This is often done in stages, the first stage builds a basket built on necessary food goods and subsequent stages add essential nonfood items.

Setting poverty lines is necessary for poverty comparisons and calculating poverty rates and are an integral part of poverty analysis. The two most prevalent methods of poverty analysis in Latin America has been use of the poverty line and the Unsatisfied Basic Needs Method (UBN). The UBN method compares the situation of different households to a group of specific needs. If a household lacks one or more of these needs

it and all its members are considered to be poor. However, the difficulty with using this method of analysis in Latin America is incomplete information from households (Boltvinik,1996).

## Appendix B:

### The Logistics of Different School Feeding Program Models

| Model   | Infra-structure Required | Staff Requirements | Meal Options                                  | Feasibility of Providing Early Meal     | Issues   |
|---|--------------------------|--------------------|---|---|--|
| On-site meal preparation (donated food)                   | High                     | High               | High (wide range of commodities available)    | Medium (cooking time involved)          | High organizational requirements; monetization could simplify logistical problems; risk of substitution (i.e. replace family meal)             |
| On-site meal preparation (local food)                     | Medium (if centralized)  | Medium             | High (depending on local resources available) | Medium (cooking time involved)          | Quality control of meals possible problem; mid and local-level expertise needed; risk of substitution  |
| Off-site prepared meal/snack private sector participation | Low                      | Low                | Low   | High (if transport issues are resolved) | Monotony of ration; inadequate size/quality to meet food/nutrition deficit; difficulty reaching inaccessible areas                             |
| On-site pre-prepared meal/snack local food vendors        | Low                      | Medium             | Low (limited to local availability)           | Medium (cooking time involved)          | Quality control; hygiene and sanitation; mid and local level expertise needed for technical issues and management relatively untested approach |
| Take-home coupons or cash or food in bulk                 | Medium                   | Medium             | No meal                                       | No meal                                 | No expected impact on learning; unclear how much gets to the child   |

Source: Del Rosso, 1999

## **Appendix C:**

The macroeconomic environment of the 1980s and 1990s in Mexico was not conducive to poverty reduction strategies for several reasons. For example, government efforts to stabilize the economy raised interest rates, negatively affecting investment, which in turn slowed the growth of key employment sectors in the economy. Also, the opening of the economy, the liberalization of trade and greater integration with North America after a period of import substitution industrialization put additional pressures on the state (Alarcón, 1997). Therefore, at that time there was a fundamental lack of congruence between poverty reduction strategies and the macroeconomic circumstances at the state level.

In 1989 the government of Mexico launched the Programa Nacional de Solidaridad (PRONASOL) an integrated programme of poverty alleviation. PRONASOL was a demand-driven programme where the poor would organize in Comités de Solidaridad and define their own priorities for the provision of infrastructure and services. PRONASOL was explained as a programme for the alleviation of extreme poverty through well targeted interventions. However, there is no definition of extreme poverty versus moderate poverty. As well, there is no explanation about target groups, priority programmes or the methodology used to target the poor (Alarcón, 1997). Some scholars (Teichman, 2001) have referred to PRONASOL as a politically driven poverty alleviation scheme used to garner votes for political parties.

PRONASOL offered some important lessons. Firstly, the ability of targeted programmes to reach the poor is dependent on the definition of a clear methodology as to

how to target the population in order for resources to be allocated efficiently. Moreover, PRONASOL raised some concerns about demand-driven programmes and their ability to allocate resources to the poor. In other words, the rate of leakage of resources to the non-poor may be considerable in the absence of prioritized programming. The objectives of PRONASOL recognized that poverty alleviation must be inclusive of the benefits of both universal and targeted programmes (Alarcón,1997).

## Appendix D:

**Progresa Budget (Millions of 1999 pesos)**

|                             | <b>1997</b>  | <b>1998</b>   | <b>1999</b>   | <b>Total</b>    | <b>%</b>    |
|-----------------------------|--------------|---------------|---------------|-----------------|-------------|
| <b>Budget</b>               | <b>988.2</b> | <b>3901.9</b> | <b>8302.2</b> | <b>13192.3</b>  |             |
|                             |              |               |               |                 |             |
| <b>Transfers</b>            |              | <b>3291.3</b> | <b>7885.6</b> | <b>11,176.9</b> | <b>91.6</b> |
|                             |              |               |               |                 |             |
| <b>Monetary</b>             |              | <b>2166.2</b> | <b>6164.0</b> | <b>8330.2</b>   | <b>68.3</b> |
| <b>In Kind</b>              |              | <b>1125.1</b> | <b>1721.6</b> | <b>2846.7</b>   | <b>23.3</b> |
|                             |              |               |               |                 |             |
| <b>Education</b>            |              | <b>1173.9</b> | <b>3386.7</b> | <b>4560.6</b>   | <b>37.4</b> |
| <b>Health</b>               |              | <b>1125.1</b> | <b>1721.6</b> | <b>2846.7</b>   | <b>23.3</b> |
| <b>Food support</b>         |              | <b>992.3</b>  | <b>2777.3</b> | <b>3769.6</b>   | <b>30.9</b> |
|                             |              |               |               |                 |             |
| <b>Administrative costs</b> |              | <b>610.6</b>  | <b>416.6</b>  | <b>1027.2</b>   | <b>8.4</b>  |

(Scott, 1999)

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